



Audit Committee Meeting

6 December 2023



local councils working together to protect the health of the community



**EASTERN HEALTH AUTHORITY
AUDIT COMMITTEE MEETING**

Wednesday 6 December 2023

Notice is hereby given that a meeting of the Audit Committee of Eastern Health Authority will be held at EHA's offices at **101 Payneham Road, St Peters** on Wednesday 6 December 2023 commencing at 5:00pm.

**MICHAEL LIVORI
CHIEF EXECUTIVE OFFICER**

AGENDA

EASTERN HEALTH AUTHORITY AUDIT COMMITTEE MEETING

Wednesday 6 December 2023

Commencing at 5:00 pm

1 Opening

2 Acknowledgement of Traditional Owners

We acknowledge this land that we meet on today is the traditional land of the Kurna People and that we respect their spiritual relationship with their country.

3 Opening Statement

We seek understanding and guidance in our debate, as we make decisions for the management of the Eastern Health Authority, that will impact the public health on those that reside, study, work in and visit the constituent councils that the Eastern Health Authority Charter provides services to.

4 Apologies

5 Presiding Member's Remarks

6 Minutes

7 Reports

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8 Closure of meeting

EASTERN HEALTH AUTHORITY

Minutes of the Meeting of the Audit Committee of Eastern Health Authority (EHA) held via telephone conference on 16 August 2023 commencing at 5:00pm.

MEMBERS PRESENT:

Madeleine Harding, Presiding Member

Natalie Caon, Independent Member

Cr Peter Cornish

In attendance:

M Livori

Chief Executive Officer

K Paparella

Team Leader Administration and Immunisation

1 OPENING:

The meeting was declared open by the Presiding Member at 5:00 pm.

2 ACKNOWLEDGEMENT OF TRADITIONAL OWNERS:

We acknowledge this land that we meet on today is the traditional land of the Kurna People and that we respect their spiritual relationship with their country.

3 OPENING STATEMENT:

We seek understanding and guidance in our debate, as we make decisions for the management of the Eastern Health Authority, that will impact the public health on those that reside, study, work in and visit the constituent councils that the Eastern Health Authority Charter provides services to.

4 APOLOGIES:

Nil.

5 CONFIRMATION OF MINUTES:

Peter Cornish moved:

The minutes of the meeting of the Audit Committee held on 17 May 2023 be taken as read and confirmed.

Seconded by Madeleine Harding

CARRIED UNANIMOUSLY

1: 082023

6 MATTERS ARISING FROM THE MINUTES:

7 ADMINISTRATION REPORTS

7.1 DRAFT GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Peter Cornish moved:

That:

1. The Draft General Purpose Financial Statements for the Year ending 30 June 2023 Report is noted.
2. The Committee is satisfied that the 2022/2023 draft statements present fairly the state of affairs of the organisation.
3. The 2022/2023 final audited statements are presented to the Board of Management.
4. The Presiding Member of the Audit Committee is authorised to sign a statement to certify the independence of the external auditors.

Seconded by Natalie Caon

CARRIED UNANIMOUSLY

2: 082023

The minutes of the meeting read that David Francis left at 5:43pm.

7.2 REPORT ON FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2023

Peter Cornish moved:

That:

1. The report on Financial Results for the Year Ending 30 June 2023 is received.

Seconded by Natalie Caon

CARRIED UNANIMOUSLY 3: 082023

**7.3 EASTERN HEALTH AUTHORITY (EHA) AUDIT COMMITTEE ANNUAL EVALUATION
REPORT 2022/2023**

Peter Cornish moved:

That:

- 1 The report titled EHA Audit Committee Annual Report Evaluation 2022/2023 is received.

Seconded by Madeleine Harding

CARRIED UNANIMOUSLY 4: 082023

7.4 LONG-TERM FINANCIAL PLAN REVISED FINANCIAL ESTIMATES

Peter Cornish moved:

That:

1. Long-Term Financial Plan revised financial estimates report is received.
2. The Long-Term Financial Plan revised financial estimates are presented to the Board of Management for consideration.

Seconded by Natalie Caon

CARRIED UNANIMOUSLY 5: 052023

8 CORRESPONDENCE

9 OTHER BUSINESS

10 CLOSURE OF MEETING:

Presiding member, Madeleine Harding, declared the meeting closed at 6:33 pm.

7.1 FINANCE REPORT AND FIRST (SEPTEMBER 2023) BUDGET REVIEW FOR 2023/2024

Author: Michael Livori

Ref: AF23/8

Summary

So that members can ensure that Eastern Health Authority (EHA) is operating according to its adopted budget, financial performance is regularly monitored, and statutory budget reviews are considered.

In accordance with regulation 9 of the *Local Government (Financial Management) Regulations 2011*,

- (1) *A council, council subsidiary or regional subsidiary must prepare and consider the following reports:*
- (a) *at least twice, between 30 September and 31 May (both dates inclusive) in the relevant financial year (where at least 1 report must be considered before the consideration of the report under sub regulation (1)(b), and at least 1 report must be considered after consideration of the report under sub regulation (1)(b))—a report showing a revised forecast of its operating and capital investment activities for the relevant financial year compared with the estimates for those activities set out in the budget presented in a manner consistent with the note in the Model Financial Statements entitled Uniform Presentation of Finances;*
 - (b) *between 30 November and 15 March (both dates inclusive) in the relevant financial year—a report showing a revised forecast of each item shown in its budgeted financial statements for the relevant financial year compared with estimates set out in the budget presented in a manner consistent with the Model Financial Statements.*

This report provides the first of the budget reviews required in accordance with regulation 9 (1) and relates to the financial performance of EHA between 1 July 2023 and 30 September 2023. It provides the opportunity to amend the adopted budget in line with revised projections of income and expenditure for the 2023/2024 financial year. The report was considered by the Board of Management at its meeting held on 1 November 2023.

Report

The table below gives a simple analysis of year-to-date income, expenditure and operating result.

Eastern Health Authority - Financial Statement (Level 1)				
1 July 2023 to 31 September 2023				
	Actual	Budgeted	\$ Variation	% Variation
Total Operating Expenditure	\$691,948	\$742,087	(\$50,139)	-7%
Total Operating Income	\$1,077,368	\$1,089,020	(\$11,652)	-1%
Operating Result	\$385,420	\$346,934	\$38,487	11%

The table shows that for the reporting period income was **(\$11,652) (-1%)** less than budgeted and expenditure was **(\$50,139) (-7%)** less than budgeted. The net result is a variation of **\$34,487 (11%)** on the budgeted year to date comparative operating result.

More detailed information is provided in Attachment 1. The attachment provides detail on year to date performance of individual budget lines. Any variation greater than \$5,000 is detailed in the table below with explanatory comments.

Summary Table of Funding Statement Variations				
Income				
Favourable variances are shown in black and unfavourable variances are shown in red .				
Description	YTD Budget	YTD Actual	YTD Variation	Comment
Income				
Fines and Expiations	\$12,500	\$1,626	(\$10,874)	Less than budgeted expiations issued this period. No budget variation requested at this point in time.
Total of Income Variations Requested				Nil
Expenditure				
Favourable variances are shown in black and unfavourable variances are shown in red .				
Description	YTD Budget	YTD Actual	YTD Variation	Comment
Expenditure				
Employee costs	\$522,125	\$472,699	(\$49,426)	Period with vacant position unfilled. -47K variation requested.
Insurance	\$16,750	\$22,978	\$6,228	Increase in LGRS insurance premiums. 7K variation requested
Maintenance	\$11,250	\$20,821	\$9,571	UPS for Vaccine Fridge required replacement. 10K variation requested
Bad and Doubtful Debts	\$0	\$0	\$0	Auditor/Audit Committee recommendation to allow for 20% of budgeted fine income as Bad and Doubtful Debts 10K variation requested

Strategic Plan Development	\$0	\$0	\$0	Board previously approved 20K funding for development of a Strategic Plan in 2022/2023 budget. The funds were not expended, and it is requested that the work is undertaken in the 2023/2024 FY. 20K variation requested
Net Total of Expenditure Variations Requested				\$0
Net Result of all Variations Requested				\$0

Adjustments relating to 2023/2024 Audit

The first budget review for the financial year is required to take into account any differences between the adopted financial statements for 2023/2024 and the audited financial statements for the previous year. The relevant figures from the 2022/2023 audited financial statements have now been incorporated into the financial statement for 2023/2024. The incorporation of these figures has no impact on the estimated operating result.

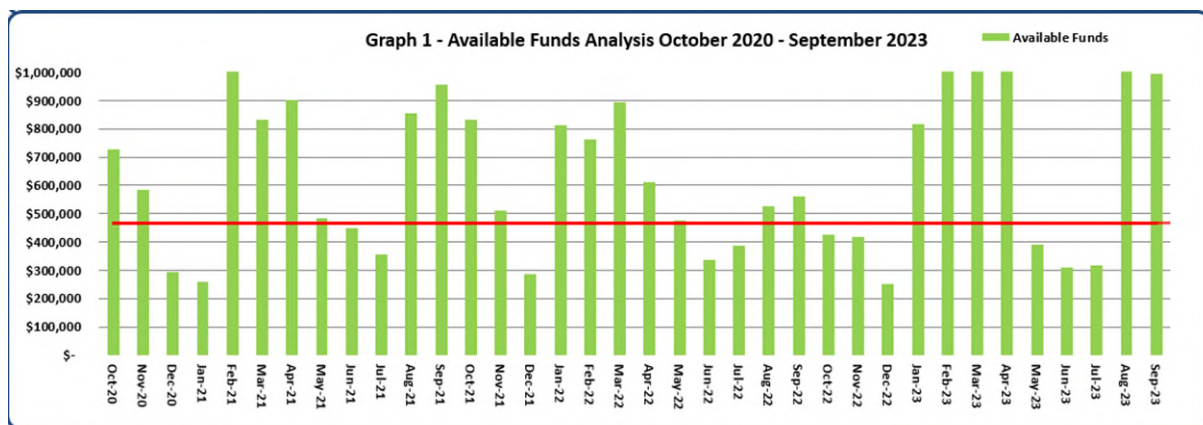
Included as Attachment 2 is a copy of the revised 2023/2024 Budgeted Statutory Financial Statements which include the:

- Revised Statement of Comprehensive Income
- Revised Statement of Cash flows
- Revised Statement of Financial Position
- Revised Statement of Changes in Equity

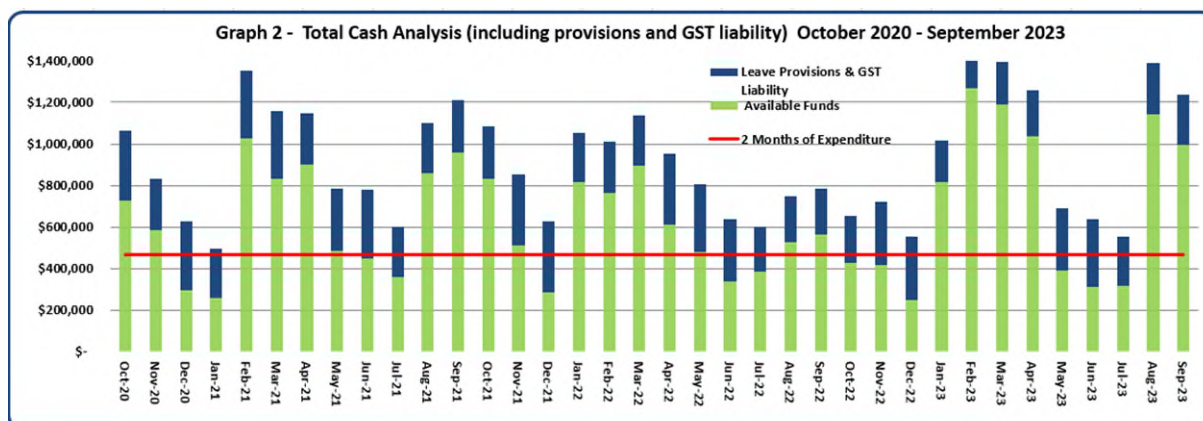
Cash Management

A Bank Reconciliation and Available Funds report for the period ending 30 September 2023 is provided as attachment 3. It shows that available funds were \$994,120 at 30 September 2023 in comparison with \$311,257 on 30 June 2023.

Graph 1 which follows details the level of available funds (total cash minus leave provisions and GST liability) for the preceding 3-year period.



Graph 2 below details the total level of cash on hand including leave provisions and GST liability.



The red line in both graphs indicates the target minimum levels of cash that are recommended to be held for working capital (equivalent to 2 months expenditure). The graphs show that the lowest levels of cash available in the annual cash cycle have generally maintained this target.

RECOMMENDATION

That:

1. The Finance Report and First (September 2023) Budget Review for 2023/2024 report be received.
2. The revised financial forecast for 2023/2024 is noted.

Eastern Health Authority - Financial Statement (Level 3) 1 July 2023 to 31 September 2023				
Income	Actual	Budgeted	\$ Variation	% Variation
Constituent Council Income				
City of Burnside	\$274,763	\$274,763	\$0	0%
City of Campbelltown	\$242,931	\$242,931	\$0	0%
City of NPS	\$311,800	\$311,800	\$0	0%
City of Prospect	\$111,053	\$111,053	\$0	0%
Town of Walkerville	\$44,553	\$44,553	\$0	0%
Total Constituent Council Contributions	\$985,100	\$985,100	\$0	0%
Statutory Charges				
Food Inspection fees	\$27,031	\$31,000	(\$3,969)	-13%
Legionella registration and Inspection	\$349	\$2,020	(\$1,671)	-83%
Fines & Expiation Fees	\$1,626	\$12,500	(\$10,874)	-87%
Total Statutory Charges	\$29,006	\$45,520	(\$16,514)	-36%
User Charges				
Immunisation: Clinic Vaccines	\$20,477	\$17,500	\$2,977	17%
Immunisation: Worksites Vaccines	\$21	\$0	\$21	0%
Immunisation: Clinic Service Fee	\$476	\$0	\$476	0%
Food Auditing	\$24,270	\$22,400	\$1,870	8%
Total User Charges	\$45,245	\$39,900	\$5,345	13%
Grants, Subsidies, Contributions				
Immunisation:ACIR	\$12,557	\$13,000	(\$443)	-3%
Total Grants, Subsidies, Contributions	\$12,557	\$13,000	(\$443)	-3%
Investment Income				
Interest on investments	\$5,192	\$2,500	\$2,692	108%
Total Investment Income	\$5,192	\$2,500	\$2,692	108%
Other Income				
Motor Vehicle re-imbursements	\$0	\$1,250	(\$1,250)	-100%
Sundry Income	\$268	\$1,750	(\$1,482)	-85%
Total Other Income	\$268	\$3,000	(\$2,732)	-91%
Total Income	\$1,077,368	\$1,089,020	(\$11,652)	-1%

Eastern Health Authority - Financial Statement (Level 3)				
1 July 2023 to 31 September 2023				
Expenditure	Actual	Budgeted	\$ Variation	% Variation
Employee Costs				
Salaries & Wages	\$414,883	\$457,500	(\$42,617)	-9%
Superannuation	\$39,085	\$49,500	(\$10,415)	-21%
Workers Compensation	\$5,153	\$4,875	\$278	6%
Employee Leave - LSL Accruals	\$13,579	\$10,250	\$3,329	32%
Total Employee Costs	\$472,699	\$522,125	(\$49,426)	-9%
Prescribed Expenses				
Auditing and Accounting	\$14,158	\$13,250	\$908	0%
Insurance	\$22,978	\$16,750	\$6,228	37%
Maintenance	\$20,821	\$11,250	\$9,571	85%
Vehicle Leasing/maintenance	\$18,302	\$19,250	(\$948)	-5%
Income Protection / Uniform	\$32,401	\$31,000	\$1,401	5%
Total Prescribed Expenses	\$108,659	\$91,500	\$17,159	19%
Rent and Plant Leasing				
Electricity	\$5,911	\$2,500	\$3,411	136%
Plant Leasing Photocopier	\$575	\$750	(\$176)	-23%
Rent	\$37,374	\$38,333	(\$960)	-3%
Water	\$0	\$75	(\$75)	-100%
Gas	\$0	\$675	(\$675)	-100%
Total Rent and Plant Leasing	\$43,859	\$42,333	\$1,526	4%
IT Licensing and Support				
IT Licences	\$14,935	\$16,250	(\$1,316)	-8%
IT Support	\$13,935	\$13,753	\$182	1%
IT Other	\$76	\$500	(\$424)	-85%
Total IT Licensing and Support	\$28,946	\$30,503	(\$1,557)	-5%
Administration				
Administration Sundry	\$2,598	\$1,750	\$848	48%
Accreditation Fees	\$0	\$1,000	(\$1,000)	-100%
Board of Management	\$1,954	\$3,000	(\$1,046)	-35%
Bank Charges	\$1,651	\$875	\$776	89%
Public Health Sundry	\$350	\$1,250	(\$900)	-72%
Fringe Benefits Tax	\$3,620	\$3,500	\$120	3%
Health Promotion	\$0	\$2,250	(\$2,250)	-100%
Legal	\$1,800	\$5,000	(\$3,200)	-64%
Printing & Stationery & Postage	\$5,969	\$5,500	\$469	9%
Telephone	\$4,255	\$4,250	\$5	0%
Occupational Health & Safety	\$1,260	\$2,500	(\$1,240)	-50%
Staff Amenities	\$257	\$1,750	(\$1,493)	-85%
Staff Training	\$1,595	\$5,500	(\$3,905)	-71%
Human Resource Sundry	\$236	\$4,500	(\$4,264)	-95%
Total Administration	\$25,546	\$42,625	(\$17,079)	-40%

Eastern Health Authority - Financial Statement (Level 3)				
1 July 2023 to 31 September 2023				
Immunisation				
Immunisation SBP Consumables	\$1,885	\$2,500	(\$615)	-25%
Immunisation Clinic Vaccines	\$9,760	\$10,000	(\$240)	-2%
Total Immunisation	\$11,645	\$12,500	(\$855)	-7%
Sampling				
Legionella Testing	\$996	\$500	\$496	99%
Total Sampling	\$996	\$500	\$496	99%
Finance Costs				
Unallocated - Bank Trace	(\$402)	\$0	(\$402)	0%
Total Finance Costs	(\$402)	\$ -	(\$402)	0%
Total Materials, contracts and other expenses	\$691,948	\$742,087	(\$50,139)	-7%
Total Operating Income	\$1,077,368	\$1,089,020	(\$11,652)	-1%
Operating Result	\$385,420	\$346,934	\$38,487	11%

EASTERN HEALTH AUTHORITY STATEMENT OF COMPREHENSIVE INCOME				
FOR THE YEAR ENDING 30 June 2024				
AUDITED RESULTS 2022/2023		ADOPTED BUDGET 2023/2024	SEPTEMBER REVIEW	REVISED BUDGET 2023/2024
	INCOME			
1,828,000	Council Contributions	1,970,200	-	1,970,200
136,026	Statutory Charges	183,800	-	183,800
457,619	User Charges	442,500	-	442,500
230,170	Grants, subsidies and contributions	230,000	-	230,000
15,866	Investment Income	10,000	-	10,000
7,255	Other Income	12,000	-	12,000
2,674,936	TOTAL INCOME	2,848,500	-	2,848,500
	EXPENSES			
1,881,592	Employee Costs	2,091,500	(47,000)	2,044,500
571,267	Materials, contracts and other expenses	731,000	47,000	778,000
37,681	Finance Charges	-	-	-
159,013	Depreciation	26,000	-	26,000
2,649,553	TOTAL EXPENSES	2,848,500	-	2,848,500
25,383	Operating Surplus/(Deficit)	-	-	-
	Net gain (loss) on disposal of assets	-	-	-
25,383	Net Surplus/(Deficit)	-	-	-
25,383	Total Comprehensive Income	-	-	-

EASTERN HEALTH AUTHORITY STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 30 June 2024				
AUDITED RESULTS 2022/2023		ADOPTED BUDGET 2023/2024	SEPTEMBER REVIEW	REVISED BUDGET 2023/2024
	CASHFLOWS FROM OPERATING ACTIVITIES			
	Receipts			
1,828,000	Council Contributions	1,970,200	-	1,970,200
136,026	Fees & other charges	183,800	-	183,800
418,158	User Charges	442,500	-	442,500
14,506	Investment Receipts	10,000	-	10,000
230,170	Grants utilised for operating purposes	230,000	-	230,000
7,633	Other	12,000	-	12,000
-	Payments			
(1,847,155)	Employee costs	(2,091,500)	47,000	(2,044,500)
(586,184)	Materials, contracts & other expenses	(731,000)	(47,000)	(778,000)
(38,517)	Finance Payments	-	-	-
162,637	Net Cash Provided/(Used) by Operating Activities	26,000	-	26,000
	CASH FLOWS FROM FINANCING ACTIVITIES			
-	Loans Received	-	-	-
(38,391)	Repayment of Borrowings	-	-	-
(70,803)	Repayment of Finance Lease Liabilities	-	-	-
(109,194)	Net Cash Provided/(Used) by Financing Activities	-	-	-
	CASH FLOWS FROM INVESTING ACTIVITIES			
-	Receipts			
-	Sale of Replaced Assets	-	-	-
-	Payments			
(49,557)	Expenditure on renewal / replacements of assets	-	-	-
-	Expenditure on new / upgraded assets	-	-	-
-	Distributions paid to constituent Councils	-	-	-
(49,557)	Net Cash Provided/(Used) by Investing Activities	-	-	-
(38,391)	NET INCREASE (DECREASE) IN CASH HELD	26,000	-	26,000
640,883	CASH AND CASH EQUIVALENTS AT BEGINNING OF REPORTING PERIOD	602,492	42,277	644,769
644,769	CASH AND CASH EQUIVALENTS AT END OF REPORTING PERIOD	628,492	42,277	670,769

EASTERN HEALTH AUTHORITY STATEMENT OF FINANCIAL POSITION				
FOR THE YEAR ENDING 30 June 2024				
AUDITED RESULTS 2022/2023		ADOPTED BUDGET 2023/2024	SEPTEMBER REVIEW	REVISED BUDGET 2023/2024
	CURRENT ASSETS			
644,769	Cash and Cash Equivalents	628,492	42,277	670,769
271,901	Trade & Other Receivables	188,901	83,000	271,901
916,670	TOTAL CURRENT ASSETS	817,393	125,277	942,670
	NON-CURRENT ASSETS			
1,104,793	Infrastructure, property, plant and equipment	998,437	80,356	1,078,793
1,104,793	TOTAL NON-CURRENT ASSETS	998,437	80,356	1,078,793
2,021,463	TOTAL ASSETS	1,815,830	205,633	2,021,463
	CURRENT LIABILITIES			
121,916	Trade & Other Payables	163,940	(42,024)	121,916
285,083	Provisions	307,903	(22,820)	285,083
111,865	Borrowings	119,871	(8,006)	111,865
518,864	TOTAL CURRENT LIABILITIES	591,714	(72,850)	518,864
	NON-CURRENT LIABILITIES			
44,614	Provisions	21,716	22,898	44,614
881,032	Borrowings	851,594	29,438	881,032
925,646	TOTAL NON-CURRENT LIABILITIES	873,310	52,336	925,646
1,444,510	TOTAL LIABILITIES	1,465,024	(20,514)	1,444,510
397,806	NET CURRENT ASSETS/(CURRENT LIABILITIES)	225,679	198,127	423,806
576,953	NET ASSETS	350,806	226,147	576,953
	EQUITY			
576,953	Accumulated Surplus/(Deficit)	502,570	74,383	576,953
576,953	TOTAL EQUITY	502,570	74,383	576,953
EASTERN HEALTH AUTHORITY STATEMENT OF CHANGES IN EQUITY				
FOR THE YEAR ENDING 30 June 2024				
AUDITED RESULTS 2022/2023		ADOPTED BUDGET 2023/2024	SEPTEMBER REVIEW	REVISED BUDGET 2023/2024
	ACCUMULATED SURPLUS			
551,570	Balance at beginning of period	502,570	74,383	576,953
25,383	Net Surplus/(Deficit)	-	-	-
576,953	BALANCE AT END OF PERIOD	502,570	74,383	576,953
	TOTAL EQUITY			
551,570	Balance at beginning of period	502,570	74,383	576,953
25,383	Net Surplus/(Deficit)	-	-	-
576,953	BALANCE AT END OF PERIOD	502,570	74,383	576,953

Eastern Health Authority				
Bank Reconciliation as at 30 September 2023				
Bank SA Account No. 141/0532306840				
Balance as per Bank Statement 30 September 2023				\$ 86,713.51
Less Outstanding cheques		\$ -		
Add Outstanding deposits		\$ -		
BALANCE PER General Ledger				\$ 86,713.51
GST as 31 September 2023				
GST Collected		\$107,329.59		
GST Paid		<u>(\$21,093.75)</u>		
Net GST Claimable (Payable)		<u>\$86,235.84</u>		
Funds Available 30 September 2022				
Account	30-Sep-23	30-Jun-23	Variance	
Bank SA Cheque Account	\$ 86,714	\$ 194,054	<u>(\$107,340.23)</u>	
Local Government Finance Authority	\$ 1,150,868	\$ 445,676	\$705,191.77	
Net GST Claimable (Payable)	\$ 86,235.84	\$ 1,224.36	\$85,011	
Long Service Leave Provision	<u>(\$181,588.00)</u>	<u>(\$181,588.00)</u>	\$0.00	
Annual Leave Provision	<u>(\$148,109.00)</u>	<u>(\$148,109.00)</u>	\$0.00	
TOTAL FUNDS AVAILABLE	\$ 994,120	\$ 311,257	\$682,863	

7.2 LONG-TERM FINANCIAL PLAN REVISED FINANCIAL ESTIMATES

Author: Michael Livori
Ref: AF13/78

Summary

This report provides updated Long-Term financial estimates for consideration by the Audit Committee.

Report

The purpose of the EHA LTFP is to express, in financial terms, the activities that EHA proposes to undertake over the medium to longer term to achieve its stated objectives as outlined in its Charter and Business Plan.

EHA is an operational based organisation focused on meeting the regulatory requirements of its member councils. Unlike its Constituent Councils it is not responsible for managing a high level of long-lived assets.

The one exception to this was the upgrade of office accommodation at EHA's St Peters office which occurred in 2012. A 10 year loan from the LGFA was used to fund the required office accommodation. The final payment on the loan was made in July 2022. The LTFP is now simply a projection of current operating arrangements moving forward.

Revised Long-Term financial estimates based on the audited results from 2022/2023 and the currently used key assumptions were provided to the Audit Committee at its meeting held on 16 August 2023. At the meeting the committee requested that a simpler LTFP model is developed. It was requested that the model should be more in line with EHA's financial operations.

A revised LTFP based on a simpler format has now been developed and is provided as attachment 1 for consideration by the committee.

The Long-Term financial estimates are based on 3% income, 3% expenses and 3% wages indexing basis.

RECOMMENDATION

That:

1. Long-Term Financial Plan revised financial estimates report is received.
2. The Committee has requested that a simpler long term financial plan model is developed.

EASTERN HEALTH AUTHORITY LONG TERM FINANCIAL PLAN											
AUDITED RESULTS 2022/2023		ADOPTED BUDGET 2023/2024	PLAN 2024/2025	PLAN 2025/2026	PLAN 2026/2027	PLAN 2027/2028	PLAN 2028/2029	PLAN 2029/2030	PLAN 2030/2031	PLAN 2031/2032	PLAN 2032/2033
2,649,553	OPERATING EXPENSES	2,848,500	2,933,955	3,021,974	3,112,633	3,206,012	3,302,192	3,401,258	3,503,296	3,608,395	3,716,646
2,674,936	OPERATING REVENUE	2,848,500	2,933,955	3,021,974	3,112,633	3,206,012	3,302,192	3,401,258	3,503,296	3,608,395	3,716,646
25,383	OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL REVENUES	-	-	-	-	-	-	-	-	-	-
	REPRESENTED BY;										
	DECREASE IN EXISTING ASSETS										
(49,557)	Capital Expenditure	-	-	-	-	-	-	-	-	-	-
	Sale of Operating Assets	-	-	-	-	-	-	-	-	-	-
159,013	Depreciation	26,000	26,780	27,583	28,411	29,263	30,141	31,045	31,977	32,936	33,924
109,456	NET DECREASE IN EXISTING ASSETS	26,000	26,780	27,583	28,411	29,263	30,141	31,045	31,977	32,936	33,924
	DECREASE IN EXISTING LIABILITIES										
(38,391)	Loan Principal Repayments	-	-	-	-	-	-	-	-	-	-
(70,773)	Lease liabilities	-	-	-	-	-	-	-	-	-	-
	Distributions Received from Associated	-	-	-	-	-	-	-	-	-	-
	Loans Received	-	-	-	-	-	-	-	-	-	-
(109,164)	NET DECREASE IN LIABILITIES	-	-	-	-	-	-	-	-	-	-
292	DECREASE IN NET ASSETS	26,000	26,780	27,583	28,411	29,263	30,141	31,045	31,977	32,936	33,924
	INCREASE IN NEW ASSETS										
	Capital Expenditure	-	-	-	-	-	-	-	-	-	-
	Sale of Surplus assets	-	-	-	-	-	-	-	-	-	-
	Sale of Real Estate	-	-	-	-	-	-	-	-	-	-
	Development of Real Estate	-	-	-	-	-	-	-	-	-	-
	Capital Grants and Subsidies	-	-	-	-	-	-	-	-	-	-
	Physical Resources Received Free	-	-	-	-	-	-	-	-	-	-
	Loans Received	-	-	-	-	-	-	-	-	-	-
-	NET INCREASE IN NEW ASSETS	-	-	-	-	-	-	-	-	-	-
(25,675)	UNCOMMITTED FUNDS DECREASE/(INCREASE)	(26,000)	(26,780)	(27,583)	(28,411)	(29,263)	(30,141)	(31,045)	(31,977)	(32,936)	(33,924)
(25,383)	OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL REVENUES	-	-	-	-	-	-	-	-	-	-
	RECONCILIATION OF UNCOMMITTED FUNDS										
474,917	Balance Brought Forward	509,671	535,671	563,789	592,751	622,582	653,308	684,956	717,552	751,127	785,709
	Increase/(Decrease) For Year	26,000	26,780	27,583	28,411	29,263	30,141	31,045	31,977	32,936	33,924
34,754	Employee Entitlements	-	1,338	1,379	1,420	1,463	1,506	1,552	1,598	1,646	1,695
	Transfers to Reserves										
	Transfers from Reserves										
509,671	BUDGET SURPLUS/(DEFICIT)	535,671	563,789	592,751	622,582	653,308	684,956	717,552	751,127	785,709	821,329

	Projected cash at end of year reconciles to the projected budget surplus/deficit as follows;										
644,769	PROJECTED CASH AT END OF YEAR	670,769	702,940	736,077	770,207	805,362	841,571	878,867	917,281	956,848	997,601
	Less Reserves at end of year										
(135,098)	Add Other Net Current Assets	(135,098)	(139,151)	(143,325)	(147,625)	(152,054)	(156,616)	(161,314)	(166,153)	(171,138)	(176,272)
	PROJECTED BUDGET SURPLUS/DEFICIT AT YEAR END										
509,671		535,671	563,789	592,751	622,582	653,308	684,956	717,552	751,127	785,709	821,329
	Net Current Assets per the Statement of Financial Position reconcile to the projected budget surplus/deficit as follows;										
397,806	NET CURRENT ASSETS PER THE BALANCE SHEET	423,806	451,924	480,886	510,717	541,443	573,091	605,687	639,262	673,844	709,464
	Add Unfunded Liabilities :-										
111,865	Loans	111,865	111,865	111,865	111,865	111,865	111,865	111,865	111,865	111,865	111,865
	Less Committed Cash :-										
	Reserves										
	PROJECTED BUDGET SURPLUS/DEFICIT AT YEAR END										
509,671		535,671	563,789	592,751	622,582	653,308	684,956	717,552	751,127	785,709	821,329

7.3 EASTERN HEALTH AUTHORITY CHARTER REVIEW UPDATE

Author: Michael Livori
Ref: AF20/47

Summary

Clause 19 of Schedule 2 of the *Local Government Act 1999* requires that a regional subsidiary has a Charter prepared by its Constituent Councils, and that the Charter is reviewed every 4 years. Clause 12.3 a) of the Charter also requires the review to occur at least every 4 years. The last review of the Eastern Health Authority Charter was finalised in May 2016. An initial report was considered by the Board at its June 2020 meeting and the review process subsequently commenced. This report provides Audit Committee members with the latest update in relation to the review process.

Report

Following the refinement of two clauses (Clause 9.2 considering Withdrawal of a Member Council and Clauses 2.2 and 2.5 e) f) considering the membership of the Board of Management and the Chair of the Board of Management) a draft amended EHA Charter was provided to Constituent Councils for consideration on 18 April 2023.

Constituent Councils have now considered the latest draft revised charter, and a number of matters still do not have unanimous agreement. Provided as attachment 1 is a table which provides a summary of these matters including Constituent Council latest respective positions.

Clauses 2.2 and 2.5 of the current Eastern Health Authority (EHA) Charter consider the membership of the Board of Management and the Chair of the Board of Management. Following the latest considerations, the following Councils have not endorsed any amendments to the current Charter that would change the structure or composition of the Board of Management, or require the Chair to be an independent member:

- City of Burnside
- Campbelltown City Council
- Town of Walkerville

City of Prospect and Norwood Payneham & St Peters Council have both endorsed the proposed changes, with the caveat that NPSP have requested a provision that the revised clauses will come into effect at the time of the next Local Government general election.

As there are currently three differing Constituent Councils positions in relation to these clauses, it will be now necessary to undertake further discussion and negotiations to attempt to obtain a consensus position.

Additionally, a new request has been made by City of Campbelltown and City of Norwood Payneham & St Peters for the requirement for EHA to maintain a Salary and Gifts and Benefits Register.

New clauses have been developed which accommodate this request and are included in the attached table. At this point in time, City of Burnside, City of Prospect and Town of Walkerville have not yet considered these matters.

To progress the review further, particularly in relation to clauses 2.2 and 2.5, a meeting will be convened with all Constituent Council Chief Executive Officers and Mayors. Due to the additional changes made to the Charter, all Constituent Councils will need to consider the draft Charter again.

Once Constituent Councils have unanimously adopted an amended EHA Charter, a copy of the Charter as amended will be provided to the Minister for State/Local Government Relations and published on a website in accordance with the Local Government Act requirements.

RECOMMENDATION

That:

1. The Eastern Health Authority Charter Review Update Report is received.

Eastern Health Authority Charter Review– Non-Consensus Amendments and Additional Requested Changes – September 2023**PREVIOUS CONSIDERATIONS AND BACKGROUND**

Clauses 2.2 and 2.5 of the current Eastern Health Authority (EHA) Charter consider the membership of the Board of Management and the Chair of the Board of Management.

During the original charter review consultation phase the Town of Walkerville suggested reducing the number of Board Members from two (2) per Constituent Council to one (1) per Constituent Council, with an Independent Chairperson.

Campbeltown City Council supported this position, however both Burnside Council and Norwood Payneham and St Peters Council did not support this proposition.

The Authority's Audit Committee supported the proposition that the Chairperson should be an Independent Member.

The EHA Board considered the feedback from the committee and were of the collective opinion that the current arrangements, where the chair is selected from the Constituent Council Board representatives was suitable considering the size and structure of EHA and the business transacted at Board meetings.

On 15 August 2022, a meeting was held at EHA offices with the Chief Executive Officers (CEO's) of all Constituent Councils to consider the non-consensus items which remained unresolved. CEOs requested that clauses be developed that allow for a Board consisting of an independent chair plus one member from each council and deputy members.

Clauses were subsequently developed using input from each Constituent Councils respective administrations. These clauses were included in the latest draft revised Charter provided to Constituent Councils on 18 April 2023 by EHA administration for consideration.

Constituent Councils subsequently considered the draft revised charter, and their latest respective positions are detailed below.

Eastern Health Authority Charter Review– Non-Consensus Amendments and Additional Requested Changes – September 2023

SUMMARY OF LATEST CONSTITUENT COUNCIL POSITIONS

CITY OF BURNSIDE:

At its meeting held 13 June 2023, City of Burnside considered the draft revised Charter and Resolved the following:

1. That Council endorses the revised Eastern Health Authority Charter as provided in Attachment A to report number 128-23 with the exception of clauses 2.2 and 2.5.
2. That point 4.4(b) should read the Board rather than the Eastern Health Authority.

CAMPBELLTOWN CITY COUNCIL:

At its meeting held 1 August 2023, Campbelltown City Council considered the draft revised Charter and Resolved the following:

1. receive the report
2. endorse the proposed changes to the Eastern Health Authority Charter, as detailed in Attachment 1 (except 2.2(a) to (j) and 2.5 (a) to (f)) to this report, subject to the inclusion of additional new Clauses regarding the following matters in accordance with the Local Government Act 1999:
 - the provisions of Section 105 (Register of Salaries), Section 119A (Register of Gifts and Benefits) and Schedule 5 (Documents to be made available by Councils) of the Local Government Act 1999, extend to the Eastern Health Authority as if it were a Council, requiring the Chief Executive Officer to keep, maintain and publish documents on the website of the Authority, including in relation to each position held by an employee of the Eastern Health Authority

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3. acknowledges the 'Working Example' (Attachment 4 to this report) in relation to considerations surrounding a withdrawal of a Member Council
4. agrees that the costs in relation to the remuneration of an Independent Chair of Eastern Health Authority are to be shared equally between Member Councils
5. request that the Chief Executive Officer write to the Eastern Health Authority Board of Management advising Council's position in relation to the Charter review and requesting that the Authority's Chief Executive Officer write to all Constituent Councils advising of the City of Campbelltown's position regarding the draft EHA Charter and new Clauses regarding Sections 105, 119A and Schedule 5 of the Local Government Act 1999.

CITY OF NORWOOD PAYNEHAM & ST PETERS:

At its meeting held 3 July 2023, City of Norwood Payneham & St Peters considered the draft revised Charter and Resolved the following:

1. The Council endorses the proposed changes to the EHA Charter, as contained in Attachment A to this report, subject to the inclusion of the additional new Clauses regarding the following matters in accordance with the Local Government Act 1999:
 - the provisions of clauses 2.2 a) (a) and (b) of the Charter dealing with the amended composition of the EHA Board, will take effect at the 2026 Local Government Election; and
 - the provisions of clauses 2.5 of the Charter dealing with the Independent Chairperson of the EHA Board, will take effect at the 2026 Local Government Election; and
 - the provisions of Section 105 of the Local Government Act 1999, extend to the Eastern Health Authority as if it were a Council, requiring the Chief Executive Officer to keep, maintain and publish on the website of the Authority, a Register of Salaries containing the information prescribed in Section 105 in relation to each position held by an employee of the Eastern Health Authority; and
 - the provisions of Section 119A of the Local Government Act 1999, extend to the Eastern Health Authority as if it were a Council, requiring the Chief Executive Officer to keep, maintain and publish on the website of the Authority, a Register of Gifts and Benefits containing the information prescribed in Section 119A in relation to each position held by an employee of the Eastern Health Authority.

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2. That the Authority’s Chief Executive Officer write to the Constituent Councils advising of the City of Norwood Payneham & St Peters’ position regarding the draft EHA Charter and new Clauses regarding transition provisions and Sections 105, 119A and Schedule 5 of the Local Government Act 1999, and in particular requesting that the City of Burnside and the Town of Walkerville re-consider their positions regarding their objections to the proposed changes to Clauses 2.2 and 2.5 of the draft Charter on the basis of the transition provisions endorsed by the City of Norwood Payneham & St Peters.

CITY OF PROSPECT:

At its meeting held 23 May 2023, City of Prospect considered the draft revised Charter and Resolved the following:

1. Having considered Item 10.10 Eastern Health Authority Charter Review receives and notes the report and all Attachments 1 – 3 therein.
2. Having considered Item 10.10 Eastern Health Authority Charter Review, endorses the revised Eastern Health Authority Charter (as presented in Attachment 2).
3. Having considered Item 10.10 Eastern Health Authority Charter Review, acknowledges the “Working Example” in relation to considerations surrounding a withdrawal of a Member Council (as presented in Attachment 3).
4. Authorises the Chief Executive Officer (or delegate) to write to Eastern Health Authority informing them of Council’s position in relation to the Charter Review.

TOWN OF WALKERVILLE:

At its meeting held 23 May 2023, City of Prospect considered the draft revised Charter and Resolved the following:

1. That Council receive and note the Eastern Health Authority Charter Review report.
2. That the revised Eastern Health Authority Charter, appearing as Attachment C to this report be endorsed and adopted by Council, with the exception of Clauses 2.2 and 2.5 the proposed reduction in Board Membership representation and the appointment of an independent member (including costing) and that administration further discuss these items with EHA and the ERA CEOs.
3. That Council direct Administration to write to the Eastern Health Authority informing them of Council’s decision.

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CLAUSES 2.2 – MEMBERSHIP OF THE BOARD AND CLAUSE & 2.5 - CHAIR OF THE BOARD

As detailed previously, Clauses 2.2 and 2.5 of the current Eastern Health Authority (EHA) Charter consider the membership of the Board of Management and the Chair of the Board of Management.

Following the latest considerations, the following Councils **have not** endorsed any changes to the Charter that would change the current structure or composition of the Board of Management, or require the Chair to be an independent member:

- **City of Burnside**
- **Campbelltown City Council**
- **Town of Walkerville**

City of Prospect and **Norwood Payneham & St Peters Council** (NPSP) have both endorsed the proposed changes, with the caveat that NPSP have requested a provision that the revised clauses will come into effect at the time of the next Local Government general election.

Summary

As there are currently three differing Constituent Councils positions in relation to these clauses, it will be now necessary to undertake further discussion and negotiations to attempt to obtain a consensus position.

Eastern Health Authority Charter Review– Non-Consensus Amendments and Additional Requested Changes – September 2023

CLAUSES 4.4(b) – ACTING CHIEF EXECUTIVE OFFICER

City of Burnside has requested that clause 4.4(b) (see below) should read Board rather than EHA.

4.4. Acting Chief Executive Officer

- a) Where an absence of the Chief Executive Officer is foreseen, the Chief Executive Officer may appoint a suitable person to act as Chief Executive Officer.
- b) If the Chief Executive Officer does not make or is incapable of making an appointment under clause a), a suitable person will be appointed by EHA.

Legal advice has subsequently been obtained which has confirmed that it is appropriate and correct to refer to EHA in clause 4.4(b). EHA is the legal entity which has the power in clause 4.4(b). It exercises that power through the Board as the Board is the governing body of EHA and the vehicle through which decisions of EHA are made. As confirmed in clause 2.1, a decision of the Board is a decision of EHA.

Summary

The City of Burnside request has not been reflected in the latest draft revised Charter in light of the legal advice.

City of Burnside will be requested to reconsider their position in relation to this clause.

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REGISTER OF SALARIES /REGISTER OF GIFTS AND BENEFITS/SCHEDULE 5

City of Campbelltown have requested that:

- the provisions of Section 105 (Register of Salaries), Section 119A (Register of Gifts and Benefits) and Schedule 5 (Documents to be made available by Councils) of the Local Government Act 1999, extend to the Eastern Health Authority as if it were a Council, requiring the Chief Executive Officer to keep, maintain and publish documents on the website of the Authority, including in relation to each position held by an employee of the Eastern Health Authority

City Of Norwood Payneham and St Peters have request that:

- the provisions of Section 105 of the Local Government Act 1999, extend to the Eastern Health Authority as if it were a Council, requiring the Chief Executive Officer to keep, maintain and publish on the website of the Authority, a Register of Salaries containing the information prescribed in Section 105 in relation to each position held by an employee of the Eastern Health Authority; and
- the provisions of Section 119A of the Local Government Act 1999, extend to the Eastern Health Authority as if it were a Council, requiring the Chief Executive Officer to keep, maintain and publish on the website of the Authority, a Register of Gifts and Benefits containing the information prescribed in Section 119A in relation to each position held by an employee of the Eastern Health Authority.

City of Burnside, City of Prospect and Town of Walkerville have not consider this request at this point in time.

Register of Salaries

As an alternative to publishing a salary register on its website, EHA administration requests that Constituent Councils consider the requirement in relation to salary information be that a salary register is provided to the Chief Executive Officers of the Constituent Councils on an annual basis.

In the current industrial relations climate recruitment of appropriate professional staff is extremely difficult. EHA has a small number of positions and employees which makes it easy to identify each individual staff member's details. A public register may impact the ability to recruit via salary negotiation as this may create expectations for existing staff members.

The clause below has been developed requiring EHA to provide a Salary Register to the Chief Executive Officers of Constituent Councils on an annual basis.

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12.7 Register of Salaries

- a) *The chief executive officer of EHA will ensure that a record (**the Register of Salaries**) is kept in which is entered—*
 - (a) *the title of each position held by an employee of EHA; and*
 - (b) *in relation to those positions held by employees who are paid according to salary scales set out in an award or industrial agreement—*
 - (a) *the classifications of the employees who hold those positions; and*
 - (b) *the salary scales applicable to each classification (indicating in relation to each scale the number of employees who are paid according to that scale); and*
 - (c) *details of other allowances or benefits paid or payable to, or provided for the benefit of, any of those employees as part of a salary package; and*
 - (c) *in relation to each position held by an employee who is not paid according to a salary scale set out in an award or industrial agreement referred to above—*
 - (a) *the salary payable to the employee who holds that position; and*
 - (b) *details of other allowances and benefits paid or payable to, or provided for the benefit of, the employee as part of a remuneration package.*
- b) *The chief executive officer of EHA must ensure that a record is made in the Register of Salaries within 28 days after—*
 - (a) *a change in the salary, wage or remuneration, or an allowance or benefit, payable to, or provided for the benefit of, an employee; or*
 - (b) *the payment or provision of an allowance or benefit not previously recorded in the Register, (insofar as may be necessary or appropriate in the circumstances of the particular case).*
- c) *The chief executive officer of EHA is not required to include in a Register of Salaries details of any reimbursement of expenses incurred by an employee in performing official duties unless that reimbursement occurs by way of the periodic payment of a lump sum that is not calculated so as to provide exact reimbursement of expenses incurred by an employee in performing official duties.*

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- d) *The chief executive officer of EHA must provide the Register of Salaries to the chief executive officers of the Constituent Councils within 60 days of 30 June in each year.*

12.8 Register of Gifts

The clause below has been developed requiring EHA to publish on its website a Register of Gifts and benefits.

- (a) *The provisions regarding gift and benefits applying to employees of a council apply to employees of EHA as if EHA were a council and the employees of EHA were employees of a council.*

- (b) *The chief executive officer of EHA must publish the register of gifts and benefits on a website determined by the chief executive officer of EHA.*

Schedule 5

Campbelltown City Council have alone requested that Schedule 5 of the Local Government Act apply to Eastern Health Authority.

Schedule 5 has a broad range of requirements in relation to documents that are required to be made available to councils, many of which are specific to councils and not applicable to a Regional Subsidiary.

It should be noted that EHA currently makes available on its website:

- EHA Charter
- Agendas and Minutes of Meetings
- Annual Reports
- Annual Business plan
- Policy Documents
- Codes of Conduct

It is not recommended that this request be provided to other Constituent Councils for consideration.

7.4 UPDATE ON AUDIT FINDING RECOMENDATIONS

Author: Kristen Paparella
Ref: AF23/58

Summary

This report provides an update on management responses to the 2022/2023 Audit Finding recommendations.

Report

In the EHA Auditors' Report of Audit Finding for 2022/2023 two recommendations were made in relation to areas of improvement. The observation, recommendation, initial management response and actions to date for each recommendation are detailed below.

Issue 1 – Provision for doubtful debts

Observation

Management have identified that \$33,733 of the debtor balances at 30 June 2023 will not be collected and will be written off in the 2024 financial year. There is no provision for doubtful debts and therefore the debtors balance is over-stated by \$33,733. The effect on the result for the year is estimated to be less than this because there was also no provision in prior years, but arguably there would have been some doubtful debts. The effect on the financial report is not considered to be material and so we have accepted the difference.

Risk

Management's provision for doubtful debts assessment may not comply with the requirements of Australian Accounting Standard, AASB 9

Recommendation

We again recommend that the entity should be maintaining a provision for doubtful debts balance in order to comply with Accounting Standards and to ensure the debtors balance is not over-stated.

Management response

As discussed with the auditor over multiple reporting periods, the majority of these doubtful debts result from expiations that are not recoverable. Once an expiation is at the enforcement stage, legislation requires that non-paid expiations are enforced by the South Australian Government Enforcement and Fines Recovery Unit

Management Actions to date

A review of our Constituent Councils processes for this procedure was undertaken and an allowance equivalent to 20% of the value of budgeted fine income was approved at the first budget review for 2023/2024. Doubtful debts will be highlighted for write off in the month of May for EOFY reporting purposes.

Issue 2 – Cut-off accounting adjustments

Observation

We identified the following errors related to balance date adjustments in this year's audit:

- Income Protection Insurance for the FY24 year was expensed in FY23. (\$32k)
- Payroll for the past fortnight of June 2023 that was paid in early July was not accrued as an expense/liability for FY23 (\$55k) These errors were subsequently amended

Recommendation

We recommend that the final trial balance be carefully reviewed to ensure that all balance date adjustments have been made and make sense, prior to being presented for audit.

Management response

Income protection invoices are always dated 30 June by the supplier for insurance required for the next financial year. The invoice was entered with the date (30 June 2023) of the invoice and should have been marked for prepayment.

The final payroll for the financial year was not posted as superannuation had not yet been finalised. Standard operating procedures will be amended so that in future transactions that occur around year end are managed appropriately.

Management Actions to date

A review of Standard operating procedures has been amended whereby all future transactions that occur at EOFY are managed appropriately. Invoices received in June, for next financial year are to be marked for Pre-Payment or expensed correctly in the relevant financial year.

RECOMMENDATION

That:

The Update on Audit Findings Recommendations report is received.

7.5 EASTERN HEALTH AUTHORITY AUDIT COMMITTEE TERMS OF REFERENCE

Author: Michael Livori

Ref: AF12/195

Summary

EHA has previously developed Terms of Reference (ToR) for its Audit Committee which requires annual review.

Report

The Audit Committee is a formally constituted Committee of EHA pursuant to Clause 30 of Schedule 2 to the Local Government Act 1999 and is responsible to EHA. The Committee's role is to report to EHA and provide appropriate advice and recommendations on matters contained within its ToR.

The ToR are required to be annually reviewed. A review of the ToR has been undertaken and the following changes have been suggested.

- Deletion of clause 13 relating to COVID-19 Provision protocols.
- Renaming of Clause 12 to Terms of Reference and removal of annual evaluation requirement (noting that clause 8 requires Agendas and minutes to be provided to the Board of Management)

A copy of the ToR with the changes accepted is provided as attachment 1 to this report for adoption.

A copy of the ToR with marked up changes is provided as attachment 2 to this report.

RECOMMENDATION

That:

1. The report regarding the Eastern Health Authority Audit Committee Terms of Reference is received.
2. The Eastern Health Authority Audit Committee Terms of Reference provided as attachment 1 to this report are referred to the Board of Management for adoption.



EHA Audit Committee TERMS OF REFERENCE

EHA Audit Committee

TERMS OF REFERENCE

1. Establishment of the Audit Committee

- 1.1. Pursuant to Section 41 and Section 126 of the Local Government Act 1999 (as amended) EHA as a regional subsidiary of Constituent Councils establishes a Committee to be known as the Audit Committee ("the Committee") for the purpose of:
 - 1.1.1. Assisting EHA in fulfilling its oversight responsibilities relating to accounting, audit, legislative compliance, financial and operational risk management, good governance and reporting practices; and
 - 1.1.2. Administration and External Auditor; in accordance with the Local Government Act 1999 (as amended) and other relevant ensuring effective communication between the Board, legislation.

2. Membership

- 2.1. Members of the Committee are appointed by EHA. The Committee shall comprise three members consisting of two independent members and one Board Member.
- 2.2. The Board Member appointed to the committee by resolution of the Board will hold office until the conclusion of the next Local Government General Election.
- 2.3. Independent Members of the Committee shall have extensive and relevant financial management, risk management or internal audit qualifications and experience.
- 2.4. Membership of the committee must include at least 1 person who is not a member of the Board of Management of EHA and who is determined by the Constituent Councils to have financial experience relevant to the functions of the Audit Committee.
- 2.5. Only members of the Committee are entitled to vote in Committee meetings. Unless otherwise required by the Act not to vote, each member must vote on every matter that is before the Committee for a decision.
- 2.6. Individual members of EHA's administration staff, such as the Chief Executive Officer and Senior Staff may attend any meeting as observers or be responsible for preparation of papers for the Committee.
- 2.7. EHA's external auditor may also be invited to attend meetings of the Committee, as appropriate.
- 2.8. Appointments of independent members to the Committee shall be for a maximum period of three years.
- 2.9. The terms of the appointments should be arranged to ensure an orderly rotation and continuity of membership.
- 2.10. Independent members are eligible for reappointment at the expiration of their term at the sole discretion of the EHA Board.

- 2.11. The maximum length of continuous membership of an Independent Member shall be 6 years.
- 2.12. Independent members are eligible for appointment to the committee after a two year period has elapsed if they meet the criteria in 2.11 (i.e. they have served a six year maximum term).
- 2.13. The Presiding Member of the Committee will be one of the independent members and will be appointed by the Audit Committee for the term of the Committee.
- 2.14. In the absence of the chairperson the Committee will appoint one of the other members as Acting Presiding Member for the duration of the meeting.
- 2.15. The Committee shall be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

3. Authority

- 3.1. The Committee has the following authority from the Board:
 - 3.1.1. Confirm minutes of a previous meeting as a true and accurate record of proceedings;
 - 3.1.2. Set meeting times / dates; and
 - 3.1.3. Receive Information Reports and provide feedback and input into development of policies and documents put before the Committee where practicable, prior to them being recommended to Board. The Committee has no authority to act independently of the Board. The Committee is authorised by the Board to undertake work efficiently and effectively to meet the objectives described by its Establishment and Terms of Reference.
- 3.2. The Committee will have no standing financial delegations. If required for a specific purpose, these will be sought from the Board at the time or where appropriate through the Chief Executive Officer's delegation.
- 3.3. The Committee shall act at all times in strict accordance with relevant legislation (being the Local Government Act 1999 [as amended] and associated Regulations) and with written policies, guideline, protocols and charter of the Board, which are relevant to the Committee in the performance of its functions.
- 3.4. All decisions of the Committee will be referred to the Board as recommendations of the Committee. The reporting of the decisions of the Committee to the Board in this manner is sufficient to satisfy the reporting and accountability requirements of the Board.

4. Secretarial Resources

- 4.1. The Chief Executive Officer shall provide sufficient administrative resources to the Committee to enable it to adequately carry out its functions.

5. Quorum

- 5.1. The quorum necessary for the transaction of business shall be 2 members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 5.2. All decisions of the Committee shall be made on the basis of a majority decision of the members present.
- 5.3. Only members of the Committee, or a Board Member's proxy, if appointed for a meeting, are entitled to vote in Committee meetings.

6. Frequency of Meetings

- 6.1. The Committee shall meet at least three times per annum at appropriate times in the budgeting and reporting cycle, to undertake the activities as identified in the endorsed annual work plan and to meet the Committee's terms of reference.
- 6.2. The Committee can meet otherwise as required, and as approved by the Chair.

7. Notice of Meetings

- 7.1. Ordinary meetings of the Committee will be held at times and places determined by EHA or, subject to a decision of EHA, the Committee. EHA recognised that the EHA Audit Committee can determine the time and place of its meetings at a meeting held on 1 February 2012 at Item 7.9. A special meeting of the Committee may be called in accordance with the Act.
- 7.2. Notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and observers, no later than three clear business days before the date of the meeting. Supporting papers shall be sent to Committee members (and to other attendees as appropriate) at the same time.

8. Minutes of Meetings

- 8.1. The Chief Executive Officer shall ensure that the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance, are minuted and that the minutes otherwise comply with the requirements of the Local Government (Procedure at Meetings) Regulations 2000.
- 8.2. Minutes of Committee meetings shall be circulated within five days after a meeting to all members of the Committee and to all Board members of EHA and will (as appropriate) be available to the public.
- 8.3. Agendas and Minutes of the Committee meeting will be provided to the Board of Management.

9. Conduct of Meetings

- 9.1. The Committee shall conduct its meetings in accordance with Part 2 of the Local Government (Procedures at Meetings) Regulations 2000 (as amended).

- 9.2. The Committee will develop, maintain and implement a work plan, which will serve the purpose of a forward agenda detailing the proposed agenda items and meeting dates.

10. Role of the Committee

10.1. Financial Reporting and Sustainability

The Committee shall:

- 10.1.1. Monitor the integrity of the financial statements of EHA, including its annual report, reviewing significant financial reporting issues and judgements which they contain;
- 10.1.2. Review and challenge where necessary;
- 10.1.3. Review the consistency of, and/or any changes to, accounting policies;
- 10.1.4. Review the methods used to account for significant or unusual transactions where different approaches are possible;
- 10.1.5. Review whether EHA has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- 10.1.6. Review the clarity of disclosure in EHA's financial reports and the context in which statements are made;
- 10.1.7. Review all material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (in so far as it relates to audit and risk management);
- 10.1.8. Review and make recommendations to the Board regarding the assumptions, financial ratios and financial targets in the Long Term;
- 10.1.9. Provide commentary and advice on the financial sustainability of EHA and any risks in relation to, as part of the adoption of the Long Term Financial Plan, Annual Budget and periodic Budget Reviews;
- 10.1.10. Review and make recommendations to the Board regarding any other significant financial, business efficiency or innovation, accounting and reporting issue as deemed necessary by the Committee, Board or Administration;
- 10.1.11. Consider and provide comment on the financial and risk related issues associated with any EHA business referred to it by the Board for such comment.

10.2. Risk Management and Internal Control

The Committee shall:

- 10.2.1. Monitor and review the performance and adequacy of EHA's Risk Management Program and Framework for identifying, monitoring and managing significant business risks, including Work Health and Safety and EHA's Business Continuity Plan.

- 10.2.2. Review and recommend the approval, where appropriate, of statements to be included in the annual report of concerning internal controls and risk management.

10.3. Whistle Blowing and Fraud

The Committee shall:

- 10.3.1. The Committee shall review EHA's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure these arrangements allow independent investigation of such matters and appropriate follow-up action.

10.4. Internal Audit

The Committee shall:

- 10.4.1. Discuss and approve the Internal Audit Program, if one is required, and consider appropriate resourcing;
- 10.4.2. Monitor and review the effectiveness of EHA's internal audit processes in the context of EHA's overall risk management system;
- 10.4.3. Review internal audit reports, consider recommendations and review and monitor reports on EHA's operations from the internal auditor
- 10.4.4. Review and monitor management's responsiveness to the findings and recommendations.

10.5. External Audit

The Committee shall:

- 10.5.1. Monitor and review the effectiveness of EHA's external audit function;
- 10.5.2. Consider and make recommendation on the program of the external audit function;
- 10.5.3. Review the external auditor's report on the preparation of EHA's end of year financial statements;
- 10.5.4. Review any reports on EHA's operations prepared by the external auditor;
- 10.5.5. Review and monitor management's responsiveness to the findings and recommendations of the external auditor;
- 10.5.6. Consider and make recommendations to EHA, in relation to the appointment, re-appointment and removal of EHA's external auditor, including where the auditor resigns during the period of appointment.
- 10.5.7. Oversee EHA's relationship with the external auditor including, but not limited to:
 - 10.5.7.1. recommending the approval of the external auditor's remuneration, whether fees for audit or non-audit services, and recommending whether the level of fees is appropriate to enable an adequate audit to be conducted;

- 10.5.7.2. recommending the approval of the external auditor's terms of engagement, including any engagement letter issued at the commencement of each audit and the scope of the audit;
- 10.5.7.3. assessing the external auditor's independence and objectivity taking into account relevant professional and regulatory requirements and the extent of EHA's relationship with the auditor, including the provision of any non-audit services;
- 10.5.7.4. satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and EHA (other than in the ordinary course of business);
- 10.5.7.5. monitoring the external auditor's compliance with legislative requirements on the rotation of audit partners; and
- 10.5.7.6. assessing the external auditor's qualifications, expertise and resources and the effectiveness of the audit process (which shall include a report from the external auditor on the audit Committee's own internal quality procedures);
- 10.5.7.7. review any representation letter(s) requested by the external auditor before they are signed by management;
- 10.5.7.8. review the management letter and management's response to the external auditor's findings and recommendations.;
- 10.5.7.9. meet as needed with the external auditor. The Committee shall meet the external auditor at least once a year, without the Authority Executive being present; to discuss the external auditor's report and any issues arising from the audit.

10.6. Policy Development

The Committee shall:

- 10.6.1. Undertake a questioning and testing role in the development and review of EHA's financial and risk management policies;

11. Reporting Responsibilities

- 11.1. The Committee shall make recommendations to EHA it deems appropriate on the areas within its terms of reference where in its view, action or improvement is needed.

12. Terms of Reference

- 12.1. The Committee shall annually review its Terms of Reference and recommend changes it considers necessary to the Board for approval.

Amendments to Version 1 and 2 ToR

- 1 1.2 – changed in accordance with resolution 14:022012 of the Eastern Health Authority Board Meeting 1 February 2012.
- 2 Note added to 5.1 in accordance with resolution 14:022012 of the Eastern Health Authority Board Meeting 1 February 2012.

Amendments to Version 3 ToR

Clause 1.2 amended by deleting the sentence “The Chair may be a member of the Committee, however will not hold the position of the Presiding Member of the Committee” in accordance with resolution 9:082013 of the Eastern Health Authority Board Meeting 28 August 2013.

- 2 Clause 1.9 changed to read “The Presiding Member of the Committee will be one of the independent members and will be appointed by the Audit Committee for the term of the Committee.” to reflect that there are two independent members on the Committee in accordance with resolution 9:082013 of the Eastern Health Authority Board Meeting 28 August 2013.

Amendments to Version 4 ToR

ToR presented to the Audit Committee Meeting – 13/08/2014. No amendments made.

Amendments to Version 5 ToR

ToR presented to the Audit Committee Meeting – 12/08/2015. No amendments made.

Amendments to Version 6 ToR

ToR presented to the Audit Committee Meeting – 30/11/2016

- Addition of clause 1 Establishment of the Audit Committee
- Deletion of clause 2.1
- Addition of clause 2.9
- Addition of clause 3 Authority
- Addition of clauses 5.2 and 5.3
- Addition of clause 9 Conduct of Meetings
- Addition of clause 10.1 Financial Reporting and Sustainability
- Addition of clause 10.2 Risk Management and Internal Control
- Addition to clause 10.3 title to ‘Whistleblowing and Fraud’
- Amendment of clause 10.4.2
- Addition of clause 10.6 Policy Development
- Addition of clause 12 Annual Review and Reporting to Board

Amendments to Version 7 ToR

ToR presented to the Audit Committee Meeting – 01/05/2019. No amendments made.

Amendments to Version 8 ToR

- Addition of clause 2.2 to set Board appointed member term to coincide with local Government General Election.
- Addition of clause 2.4 to mirror requirements of the *Local Government (Financial Management) Regulations 2011* in relation to Constituent Council required approval for certain committee membership.
- Deletion of clause requiring meeting being held in place open to the public.
- Clause 2.8 (formerly 2.7) amended to increase maximum single term of membership to three years.
- Addition of Clause 2.9 to ensure an orderly rotation and continuity of membership where possible.
- Addition of clauses 2.11 and 2.12 to set maximum length of membership of Independent Member and eligibility for future reappointment.

Amendments to Version 9 ToR

- Amendment of clause 6.1 to ensure the Committee meets three times per annum to coincide with budget and reporting cycle, undertaking activities as identified in the workplan and to meet the Committee's terms of reference.
- Addition of clause 6.2 to ensure the Committee can meet otherwise as required, and as approved by the Chair.
- Amendment of clause 8.2 to include all Board members of EHA to receive minutes of Committee meetings within 5 days after a meeting.
- Addition of clause 8.3 to ensure Agendas and Minutes of Committee meeting will be provided to the Board of Management.
- Addition of Clause 10.5.7.9 The Committee shall meet with the external auditor at least once a year, without EHA Administration present.
- Deletion of Clause 10.6.2 Removed. Not applicable.
- Amendment of clause 11.1 to clarify wording of reporting responsibilities of Audit Committee.
- Amendment of clause 12.1 to remove the word "own" from clause.
- Addition of clause 13 to include COVID-19 Provision protocols.

Amendments to Version 10 ToR

- Deletion of clause 13 relating to COVID-19 Provision protocols.
- Renaming of Clause 12 to Terms of Reference and removal of annual evaluation requirement (noting that clause 8 requires Agendas and minutes to be provided to the Board of Management).



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EHA Audit Committee TERMS OF REFERENCE

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EHA Audit Committee

TERMS OF REFERENCE

1. Establishment of the Audit Committee

- 1.1. Pursuant to Section 41 and Section 126 of the Local Government Act 1999 (as amended) EHA as a regional subsidiary of Constituent Councils establishes a Committee to be known as the Audit Committee ("the Committee") for the purpose of:

- 1.1.1. Assisting EHA in fulfilling its oversight responsibilities relating to accounting, audit, legislative compliance, financial and operational risk management, good governance and reporting practices; and
- 1.1.2. Administration and External Auditor; in accordance with the Local Government Act 1999 (as amended) and other relevant ensuring effective communication between the Board, legislation.

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2. Membership

- 2.1. Members of the Committee are appointed by EHA. The Committee shall comprise three members consisting of two independent members and one Board Member.
- 2.2. The Board Member appointed to the committee by resolution of the Board will hold office until the conclusion of the next Local Government General Election.
- 2.3. Independent Members of the Committee shall have extensive and relevant financial management, risk management or internal audit qualifications and experience.
- 2.4. Membership of the committee must include at least 1 person who is not a member of the Board of Management of EHA and who is determined by the Constituent Councils to have financial experience relevant to the functions of the Audit Committee.
- 2.5. Only members of the Committee are entitled to vote in Committee meetings. Unless otherwise required by the Act not to vote, each member must vote on every matter that is before the Committee for a decision.
- 2.6. Individual members of EHA's administration staff, such as the Chief Executive Officer and Senior Staff may attend any meeting as observers or be responsible for preparation of papers for the Committee.
- 2.7. EHA's external auditor may also be invited to attend meetings of the Committee, as appropriate.
- 2.8. Appointments of independent members to the Committee shall be for a maximum period of three years.
- 2.9. The terms of the appointments should be arranged to ensure an orderly rotation and continuity of membership.
- 2.10. Independent members are eligible for reappointment at the expiration of their term at the sole discretion of the EHA Board.

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- 2.11. The maximum length of continuous membership of an Independent Member shall be 6 years.
- 2.12. Independent members are eligible for appointment to the committee after a two year period has elapsed if they meet the criteria in 2.11 (i.e. they have served a six year maximum term).
- 2.13. The Presiding Member of the Committee will be one of the independent members and will be appointed by the Audit Committee for the term of the Committee.
- 2.14. In the absence of the chairperson the Committee will appoint one of the other members as Acting Presiding Member for the duration of the meeting.
- 2.15. The Committee shall be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

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3. Authority

3.1. The Committee has the following authority from the Board:

- 3.1.1. Confirm minutes of a previous meeting as a true and accurate record of proceedings;
- 3.1.2. Set meeting times / dates; and
- 3.1.3. Receive Information Reports and provide feedback and input into development of policies and documents put before the Committee where practicable, prior to them being recommended to Board. The Committee has no authority to act independently of the Board. The Committee is authorised by the Board to undertake work efficiently and effectively to meet the objectives described by its Establishment and Terms of Reference.

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- 3.2. The Committee will have no standing financial delegations. If required for a specific purpose, these will be sought from the Board at the time or where appropriate through the Chief Executive Officer's delegation.
- 3.3. The Committee shall act at all times in strict accordance with relevant legislation (being the Local Government Act 1999 [as amended] and associated Regulations) and with written policies, guideline, protocols and charter of the Board, which are relevant to the Committee in the performance of its functions.
- 3.4. All decisions of the Committee will be referred to the Board as recommendations of the Committee. The reporting of the decisions of the Committee to the Board in this manner is sufficient to satisfy the reporting and accountability requirements of the Board.

4. Secretarial Resources

- 4.1. The Chief Executive Officer shall provide sufficient administrative resources to the Committee to enable it to adequately carry out its functions.

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5. Quorum

- 5.1. The quorum necessary for the transaction of business shall be 2 members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 5.2. All decisions of the Committee shall be made on the basis of a majority decision of the members present.
- 5.3. Only members of the Committee, or a Board Member's proxy, if appointed for a meeting, are entitled to vote in Committee meetings.

6. Frequency of Meetings

- 6.1. The Committee shall meet at least three times per annum at appropriate times in the budgeting and reporting cycle, to undertake the activities as identified in the endorsed annual work plan and to meet the Committee's terms of reference.
- 6.2. The Committee can meet otherwise as required, and as approved by the Chair.

7. Notice of Meetings

- 7.1. Ordinary meetings of the Committee will be held at times and places determined by EHA or, subject to a decision of EHA, the Committee. EHA recognised that the EHA Audit Committee can determine the time and place of its meetings at a meeting held on 1 February 2012 at Item 7.9. A special meeting of the Committee may be called in accordance with the Act.
- 7.2. Notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and observers, no later than three clear business days before the date of the meeting. Supporting papers shall be sent to Committee members (and to other attendees as appropriate) at the same time.

8. Minutes of Meetings

- 8.1. The Chief Executive Officer shall ensure that the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance, are minuted and that the minutes otherwise comply with the requirements of the Local Government (Procedure at Meetings) Regulations 2000.
- 8.2. Minutes of Committee meetings shall be circulated within five days after a meeting to all members of the Committee and to all Board members of EHA and will (as appropriate) be available to the public.
- 8.3. Agendas and Minutes of the Committee meeting will be provided to the Board of Management.

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9. Conduct of Meetings

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- 9.1. The Committee shall conduct its meetings in accordance with Part 2 of the Local Government (Procedures at Meetings) Regulations 2000 (as amended).
- 9.2. The Committee will develop, maintain and implement a work plan, which will serve the purpose of a forward agenda detailing the proposed agenda items and meeting dates.

10. Role of the Committee

10.1. Financial Reporting and Sustainability

The Committee shall:

- 10.1.1. Monitor the integrity of the financial statements of EHA, including its annual report, reviewing significant financial reporting issues and judgements which they contain;
- 10.1.2. Review and challenge where necessary;
- 10.1.3. Review the consistency of, and/or any changes to, accounting policies;
- 10.1.4. Review the methods used to account for significant or unusual transactions where different approaches are possible;
- 10.1.5. Review whether EHA has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- 10.1.6. Review the clarity of disclosure in EHA's financial reports and the context in which statements are made;
- 10.1.7. Review all material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (in so far as it relates to audit and risk management);
- 10.1.8. Review and make recommendations to the Board regarding the assumptions, financial ratios and financial targets in the Long Term;
- 10.1.9. Provide commentary and advice on the financial sustainability of EHA and any risks in relation to, as part of the adoption of the Long Term Financial Plan, Annual Budget and periodic Budget Reviews;
- 10.1.10. Review and make recommendations to the Board regarding any other significant financial, business efficiency or innovation, accounting and reporting issue as deemed necessary by the Committee, Board or Administration;
- 10.1.11. Consider and provide comment on the financial and risk related issues associated with any EHA business referred to it by the Board for such comment.

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10.2. Risk Management and Internal Control

The Committee shall:

- 10.2.1. Monitor and review the performance and adequacy of EHA's Risk Management Program and Framework for identifying, monitoring and managing significant business risks, including Work Health and Safety and EHA's Business Continuity Plan.

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- 10.2.2. Review and recommend the approval, where appropriate, of statements to be included in the annual report of concerning internal controls and risk management.

10.3. Whistle Blowing and Fraud

10.3. The Committee shall:

- 10.3.1. The Committee shall review EHA's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure these arrangements allow independent investigation of such matters and appropriate follow-up action.

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10.4. Internal Audit

The Committee shall:

- 10.4.1. Discuss and approve the Internal Audit Program, if one is required, and consider appropriate resourcing;
- 10.4.2. Monitor and review the effectiveness of EHA's internal audit processes in the context of EHA's overall risk management system;
- 10.4.3. Review internal audit reports, consider recommendations and review and monitor reports on EHA's operations from the internal auditor
- 10.4.4. Review and monitor management's responsiveness to the findings and recommendations.

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10.5. External Audit

The Committee shall:

- 10.5.1. Monitor and review the effectiveness of EHA's external audit function;
- 10.5.2. Consider and make recommendation on the program of the external audit function;
- 10.5.3. Review the external auditor's report on the preparation of EHA's end of year financial statements;
- 10.5.4. Review any reports on EHA's operations prepared by the external auditor;
- 10.5.5. Review and monitor management's responsiveness to the findings and recommendations of the external auditor;
- 10.5.6. Consider and make recommendations to EHA, in relation to the appointment, re-appointment and removal of EHA's external auditor, including where the auditor resigns during the period of appointment.
- 10.5.7. Oversee EHA's relationship with the external auditor including, but not limited to:
- 10.5.7.1. recommending the approval of the external auditor's remuneration, whether fees for audit or non-audit services, and recommending whether the level of fees is appropriate to enable an adequate audit to be conducted;

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- 10.5.7.2. recommending the approval of the external auditor's terms of engagement, including any engagement letter issued at the commencement of each audit and the scope of the audit;
- 10.5.7.3. assessing the external auditor's independence and objectivity taking into account relevant professional and regulatory requirements and the extent of EHA's relationship with the auditor, including the provision of any non-audit services;
- 10.5.7.4. satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and EHA (other than in the ordinary course of business);
- 10.5.7.5. monitoring the external auditor's compliance with legislative requirements on the rotation of audit partners; and
- 10.5.7.6. assessing the external auditor's qualifications, expertise and resources and the effectiveness of the audit process (which shall include a report from the external auditor on the audit Committee's own internal quality procedures);
- 10.5.7.7. review any representation letter(s) requested by the external auditor before they are signed by management;
- 10.5.7.8. review the management letter and management's response to the external auditor's findings and recommendations.;
- 10.5.7.9. meet as needed with the external auditor. The Committee shall meet the external auditor at least once a year, without the Authority Executive being present; to discuss the external auditor's report and any issues arising from the audit.

10.6. Policy Development
The Committee shall:

- 10.6.1. Undertake a questioning and testing role in the development and review of EHA's financial and risk management policies;

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11. Reporting Responsibilities

- 11.1. The Committee shall make recommendations to EHA it deems appropriate on the areas within its terms of reference where in its view, action or improvement is needed.

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12. ~~Terms of Reference Annual Review and Reporting to Board of Management Committee~~

- 12.1. The Committee shall annually review its ~~performance and~~ Terms of Reference ~~to ensure it is operating at maximum effectiveness~~ and recommend changes it considers necessary to the Board for approval.

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- ~~12.2. The Board of Management will receive and note Minutes of Audit Committee meetings at its next available meeting. In reviewing its performance, the Committee will have regard to:~~

- ~~12.2.1. The achievement of the Committee's role and Terms of Reference.~~

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~~12.2.2. The Committee's decision making process.~~

~~12.2.3. The timeliness, quality and quantity of information received.~~

~~12.2.4. The relationship with the Board, Administration and other members of the Committee.~~

~~12.3. The involvement and attendance by members.~~

~~12.4. Following the Committee's annual review, the Chair (and other Independent Members as appropriate) of the Audit Committee shall provide a report to the Board on the Audit Committee's view in relation to the key areas of responsibility under these Terms of Reference, being, where relevant:~~

~~12.4.1. Financial statements and the EHA's financial position;~~

~~12.4.2. Key financial and risk related policy issues;~~

~~12.4.3. EHA's risk management practices and framework;~~

~~12.4.4. Internal financial controls;~~

~~12.4.5. Fraud and whistleblowing provisions;~~

~~12.4.6. EHA's long term financial planning;~~

~~12.4.7. Asset management planning;~~

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~~13. COVID-19 Provision~~

~~13.1.1. For the duration of the COVID-19 public health emergency, the following applies.~~

~~13.1.2. The Committee will only consider functions designated to it by the Local Government Act 1999 or other legislation as relevant.~~

~~13.1.3. The Committee will meet at least once per year. Further meetings will be conducted as determined by the Chief Executive Officer (or nominee), in consultation with the Committee Presiding Member.~~

~~13.1.4. Where meetings are conducted, all Members may participate in the meeting via electronic means, in accordance with the requirements set out in EHA's Code of Practice for Meeting Procedures.~~

~~13.1.5. In line with the Local Government (Public Health Emergency) Amendment Act 2020, this clause will cease to apply 28 days after the cessation of all relevant declarations relating to the emergency, or as otherwise revoked by EHA through resolution and return back to the existing code of Meeting Procedures.~~

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Amendments to Version 1 and 2 ToR

- 1 1.2 – changed in accordance with resolution 14:022012 of the Eastern Health Authority Board Meeting 1 February 2012.
- 2 Note added to 5.1 in accordance with resolution 14:022012 of the Eastern Health Authority Board Meeting 1 February 2012.

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Amendments to Version 3 ToR

Clause 1.2 amended by deleting the sentence “The Chair may be a member of the Committee, however will not hold the position of the Presiding Member of the Committee” in accordance with resolution 9:082013 of the Eastern Health Authority Board Meeting 28 August 2013.

- 2 Clause 1.9 changed to read “The Presiding Member of the Committee will be one of the independent members and will be appointed by the Audit Committee for the term of the Committee.” to reflect that there are two independent members on the Committee in accordance with resolution 9:082013 of the Eastern Health Authority Board Meeting 28 August 2013.

Amendments to Version 4 ToR

ToR presented to the Audit Committee Meeting – 13/08/2014. No amendments made.

Amendments to Version 5 ToR

ToR presented to the Audit Committee Meeting – 12/08/2015. No amendments made.

Amendments to Version 6 ToR

ToR presented to the Audit Committee Meeting – 30/11/2016

- Addition of clause 1 Establishment of the Audit Committee
- Deletion of clause 2.1
- Addition of clause 2.9
- Addition of clause 3 Authority
- Addition of clauses 5.2 and 5.3
- Addition of clause 9 Conduct of Meetings
- Addition of clause 10.1 Financial Reporting and Sustainability
- Addition of clause 10.2 Risk Management and Internal Control
- Addition to clause 10.3 title to ‘Whistleblowing and Fraud’
- Amendment of clause 10.4.2
- Addition of clause 10.6 Policy Development
- Addition of clause 12 Annual Review and Reporting to Board

Amendments to Version 7 ToR

ToR presented to the Audit Committee Meeting – 01/05/2019. No amendments made.

Amendments to Version 8 ToR

- Addition of clause 2.2 to set Board appointed member term to coincide with local Government General Election.

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- Addition of clause 2.4 to mirror requirements of the *Local Government (Financial Management) Regulations 2011* in relation to Constituent Council required approval for certain committee membership.
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Amendments to Version 9 ToR

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- Addition of clause 6.2 to ensure the Committee can meet otherwise as required, and as approved by the Chair.
- Amendment of clause 8.2 to include all Board members of EHA to receive minutes of Committee meetings within 5 days after a meeting.
- Addition of clause 8.3 to ensure Agendas and Minutes of Committee meeting will be provided to the Board of Management.
- Addition of Clause 10.5.7.9 The Committee shall meet with the external auditor at least once a year, without EHA Administration present.
- Deletion of Clause 10.6.2 Removed. Not applicable.
- Amendment of clause 11.1 to clarify wording of reporting responsibilities of Audit Committee.
- Amendment of clause 12.1 to remove the word "own" from clause.
- Addition of clause 13 to include COVID-19 Provision protocols.

Amendments to Version 10 -ToR

- Deletion of clause 13 relating to COVID-19 Provision protocols.

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- [Renaming of Clause 12 to Terms of Reference and removal of annual evaluation requirement \(noting that clause 8 requires Agendas and minutes to be provided to the Board of Management\).](#)

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D12/11213[[v910](#)] - This is a version controlled document. The electronic version is the controlled version. Printed copies are considered uncontrolled. Before using a printed copy, verify that it is the current version.

7.6 REVIEW OF EASTERN HEALTH AUTHORITY INTERNAL CONTROLS REGISTER

Author: Kristen Paparella

Ref: AF17/82

Summary

The Eastern Health Authority (EHA) Internal Controls Register has been reviewed and an amended document is presented for consideration and comment.

Report

The Internal Controls Register is a generic financial procedure's manual specifically designed for smaller organisations such as EHA. The generic procedures detailed in the manual clearly document the actions required to address identified risks and who is the responsible officer.

The document has now been reviewed and some minor amendments have been made. These amendments are marked in red within the document for ease of reference and a copy is provided as attachment 1 for your consideration.

The table below provides a summary of the changes made to the document:

Summary of changes are detailed below:

3.0 Management reporting		
	1 (c)	Annual timetable for 2024 to be drafted by Kristen Paparella. Completed by EOM April 2024.
	1 (d)	Amended for current practice.
4.0 Ledgers and Journals		
	2 (a)	Amended for current practice.
5.0 Fixed Assets		
	1 (a)	Last reconciled 30/06/2023.
	3 (a)	Annual timetable for 2024 to be drafted by Kristen Paparella. Completed by EOM April 2024.
6.0 Debtors other than rates		
	1 (a)	Amended for current practice.
	1 (b)	Amended for current practice.
	1 (d)	Amended for current practice.
	1 (e)	Amended for current practice.
	1 (f)	Amended for current practice.
	1 (g)	Amended for current practice.
	1 (h)	Amended for current practice.
	1 (k)	Amended for current practice.
	2 (a)	Amended for current practice.
	2 (b)	Amended for current practice.
7.0 Receipting		
	1 (d)	Amended for current practice.

	2 (a)	Amended for current practice.
	2 (b)	Amended for current practice.
	3 (a)	Amended for current practice.
8.0 Payroll		
	1 a (ii)	Amended for current practice.
	2 a (i)	Amended for current practice.
	2 a (ii)	Amended for current practice.
	2 a (iii)	Amended for current practice.
	2 e (i)	Amended for current practice.
	2 e (ii)	Amended for current practice.
	2 (f)	Amended for current practice.
	3 (b)	Amended for current practice.
	6 (a)	Amended for current practice.
	6 (b)	Amended for current practice.
	6 (c)	Amended for current practice.
9.0 Purchases and Payments		
	1 (a)	Amended for current practice.
	1 (d)	Amended for current practice.
	3 (a)	Amended for current practice.
	3 (d)	Amended for current practice.
	4 (c)	Amended for current practice.

RECOMMENDATION

That:

The report regarding the Review of Eastern Health Authority Internal Controls Register as amended is received.



Internal Controls Register

Contents

1	Introduction
	<u>Strategic Financial Planning</u>
2	Annual business plan and budget
3	Management reporting
4	Ledgers and journals
	<u>Assets</u>
5	Fixed assets
	<u>Revenue</u>
6	Debtors other than rates
7	Receipting
	<u>Expenses</u>
8	Payroll
9	Purchases and payments

Eastern Health Authority

Introduction

1. Internal Control System

The Institute of Internal Auditors describes internal controls as “any action taken by management, the board, and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved”. EHA's internal control system consists of procedures, policies, and practices implemented to manage areas of highest risk to the organisation, including to safeguard assets, ensure accuracy in financial reporting, promote operational efficiency, and comply with laws and regulations.

EHA's Internal Controls Register documents these procedures, policies, and practices in the following key areas:

Strategic Financial Planning

Assets

Revenues

Expenses.

2. Legislative Framework

The Local Government Act 1999 is the key legislation governing EHA's operations. When designing and implementing the internal controls within this register, only those provisions applicable to EHA have been considered (refer to the LGA Finance Provisions tab for details).

3. Assurance Activities

EHA has several independent processes in place to ensure its internal control system is implemented and operating effectively, this includes:

External Audit – Review internal controls and conduct independent testing (as required) to minimise the likelihood of material errors in the financial reports and fraud.

Local Government Association Mutual Liability Scheme (LGAMLS) – Review the system in place to manage the worker health and safety.

If required, EHA also engage subject matter experts to provide independent guidance or advice on specific areas of risk, for example, legal or IT security.

Last updated:

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6/12/2023

2.0 Annual business plan and budget

2.1 Objective

That the annual business plan and budget reflects EHA's strategic objectives.

2.2	Risks:		Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
	1	Annual business plan and budget does not reflect strategic objectives.	a	The Chief Executive Officer ensures that there is a robust and rigorous process to establish the annual business plan and budget to ensure that they are consistent with the objectives of the Regional Public Health Plan.	Approved by: Chief Executive Officer	A workshop is held each year in March with the Board of Management members. The CEO presents a powerpoint presentation which is provided to inform the Board of Management of the process and timeline for the preparation and adoption of the Annual Business Plan and Budget for the relevant year. Opportunities are provided to the Board Members and Constituent Councils to provide feedback on the current service delivery and draft Plan and Budget.
	2	Unrealistic budgets.	a	The department managers are to base their budgets on realistic and achievable assumptions.	Generated by: Chief Executive Officer	Assumptions included in the EHA Annual Business Plan.
			b	The department managers are to approve relevant budgets.	Approved by: Chief Executive Officer	The Draft Annual Business Plan and Budget is thoroughly reviewed by Team Leaders and CEO prior to presenting to the Board of Management.
			c	The department managers ensure that budgets are amended, compared to the previous year, to take into account significant changes in operations.	Reviewed by: Chief Executive Officer	Each review period any variances in budget vs actual is thoroughly investigated and budget reviews if required by CEO.
			d	All amendments to budgets are approved per the Local Government Act	Approved by: Chief Executive Officer	Approved by Board of Management and Constituent Councils
	3	Budgets are inaccurately reported.	a	Original and revised budgets reconciled to the data in the financial system for accuracy by appropriate level of managements; identified variances are investigated.	Reconciled by: Chief Executive Officer	Reconciled to Accounting system once Budget Variations adopted by the Board of Management

Last updated:

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6/12/2023

2.0 Annual business plan and budget

2.1 Objective

That the annual business plan and budget reflects EHA's strategic objectives.

2.2	Risks:			Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
			b	The first, second, third quarterly and end of previous financial year's budget reviews are prepared, considered by the Board of Management and tabled in accordance with Schedule 2 of the Act.	Prepared by:	Chief Executive Officer	Any changes to the financials that arise as a result of these reviews are then actioned in MYOB Accounting Software
			c	Budget information is loaded at the activity level. Where practicable, the budget is timed over the twelve months.	Input by:	Chief Executive Officer	Actioned in MYOB Accounting Software
			d	Access to budget information is restricted to appropriately authorised personnel.	Checked by:	Team Leader - Administration and Immunisation	Security Settings set by Administrator of MYOB to limits placed depending on functions required of staff.
			e	Managers are trained to understand and are held accountable for their budgets.	Reviewed by:	Chief Executive Officer	Consultation and discussions throughout the preparation and adoption process of the Annual Business Plan and Budget. Admin / Immunisation Team Leader to work with Environmental Health Team Leader to train and balance accs for accounting process each EOM.

Last updated:

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6/12/2023

3.0 Management reporting

3.1 Objective

EHA's financial operations are reviewed and responded to appropriately.

3.2	Risks:			Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
	1	EHA's financial operations are not reviewed and responded to appropriately.	a	Department managers are clearly informed of their duties and responsibilities in relation to reporting.	Informed by:	Chief Executive Officer	Team Leaders have areas of responsibility in their Position Descriptions and tasks in Work Plans
			b	Reviewing roles and responsibilities are designated in accordance with Delegations of Authority.	Approved by:	Chief Executive Officer	Delegations review to Board of Management
			c	A reporting timetable is developed to ensure the appropriate reports are produced, reviewed and tabled in accordance with Schedule 2 of the Act and the EHA Charter.	Developed by:	Team Leader - Administration and Immunisation	A timetable is prepared for End of Financial Year Timeline and distributed to the Accountant and Auditors of EHA to ensure compliance with deadlines. The annual timetable is to be drafted for 2023-2024 and distributed in April 2023-2024 .
			d	The timetable (as mentioned above) is checked to ensure that management is reviewing the appropriate information on a regular and timely basis.	Checked by:	Team Leader - Administration and Immunisation	Agenda item noted on Fortnightly Management Meeting as EOFY timing & Audit Review. In addition the EOM timeline and checklist has also been developed to ensure all financial requirements are met Monthly, Quarterly and Annually.

Last updated:

Eastern Health Authority
6/12/2023

4.0 Ledgers and Journals

4.1 Objective

The monitoring and maintenance of EHA's general ledger. Checking that all control accounts are reconciled and the ledger balances to nil every month. Preparing journal entries as required. Creating, re-naming and deleting accounts (masterfile amendments). Preparing general ledger reports.

4.2	Risks:			Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
	1	General ledger does not contain accurate financial information as a result of inaccurate journals which are not detected in routine review processes.	a	When a new account is created in the Chart of accounts it is checked for input accuracy.	Checked by:	Team Leader - Administration and Immunisation	Form to be developed to authorise all new account numbers and/or changes made to existing account numbers in MYOB. Form to be signed by CEO.
			b	Access in MYOB for transaction input or masterfile amendment is limited.	Processed by:	Team Leader - Administration and Immunisation	Security is monitored in MYOB setup and access to General Journal area is restricted per USER access.
			c	Transaction processing is checked for accuracy. Errors are corrected by a further journal or masterfile amendment.	Checked by:	Team Leader - Administration and Immunisation	Monthly reconciliation by Team Leader - Administration and Immunisation as per the EOM process. All financial reports to be signed off by CEO.
			d	The audit trail is verified to source documentation.	Verified by:	Team Leader - Administration and Immunisation	Document any audit trail verification.

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4.0 **Ledgers and Journals**

4.1 **Objective**

The monitoring and maintenance of EHA's general ledger. Checking that all control accounts are reconciled and the ledger balances to nil every month. Preparing journal entries as required. Creating, re-naming and deleting accounts (masterfile amendments). Preparing general ledger reports.

4.2	Risks:			Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
			e	All authorisation of journals is controlled by MYOB user role profiles which prevent unauthorised journals being created or posted by inappropriate personnel.	Approved by:	Chief Executive Officer	Register of MYOB users and access has been created and is kept in records management system.
			f	General ledger reconciliations (including control and clearing accounts) are prepared on a monthly basis; all reconciliations are independently reviewed through the EOFY external audit process.	Reviewed by:	Team Leader - Administration and Immunisation	EOM checklist with P&L review listed initiates a General Ledger review, including controllable and clearing accounts. External Audit is conducted at EOFY.
			g	Some supporting documentation is electronically stored, and in the case of uploaded journals the file used to upload the transactions contains additional information regarding reason and or/description.	Stored by:	Team Leader - Administration and Immunisation	As processed in MYOB accounting system.

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4.0 Ledgers and Journals

4.1 Objective

The monitoring and maintenance of EHA's general ledger. Checking that all control accounts are reconciled and the ledger balances to nil every month. Preparing journal entries as required. Creating, re-naming and deleting accounts (masterfile amendments). Preparing general ledger reports.

4.2	Risks:			Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
	2	Data contained within the general ledger (and subsidiary records) is permanently lost.	a	Formal IT disaster recovery plan adopted by EHA including the off-site backup of data, program and documentation.	Approved by:	Chief Executive Officer	IT Disaster Recovery Plan finalised November 2020.
			b	All updates and changes to data tables are authorised, tested and documented.	Checked by:	Team Leader - Administration and Immunisation	
			c	Access to the computerised general ledger is controlled by the user and role profiles within the system.	Approved by:	Team Leader - Administration and Immunisation	Document any review of system reports detailing user role and profiles.
	3	EHA's statutory reports and other statutory returns provide inaccurate financial information and do not comply with statutory reporting requirements.	a	Relevant personnel responsible for preparing statutory reports are provided regular training to keep abreast of changes to reporting requirements.	Prepared by:	Financial Consultant	
			b	Financial reports prepared by suitably qualified staff.	Checked by:	Financial Consultant	
			c	Regular liaison with external auditor.	Liaison by:	Team Leader - Administration and Immunisation	Accountant and Auditor have online access to MYOB Accounting Software.

Last updated:

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6/12/2023

4.0 **Ledgers and Journals**

4.1 **Objective**

The monitoring and maintenance of EHA's general ledger. Checking that all control accounts are reconciled and the ledger balances to nil every month. Preparing journal entries as required. Creating, re-naming and deleting accounts (masterfile amendments). Preparing general ledger reports.

4.2	Risks:				Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
			d		Actual results are compared to budget regularly; management reviews and investigates significant variances.	Compared by:	Chief Executive Officer	Quarterly budget reviews presented to the Board of Management for adoption.
			e		Appropriate working papers are prepared and reviewed to support the financial statement balances during the statement preparation process.	Reviewed by:	Financial Consultant	All working papers are scanned into electronic records management system.

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5.0 Fixed Assets

5.1 Objective

That an adequate record is kept of all EHA assets and the record is kept up to date.

5.2	Risks:			Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
	1	Fixed asset acquisitions are fictitious, inaccurately recorded or not recorded at all.	a	The recording of an asset needs to be authorised.	Approved by:	Chief Executive Officer	All purchases authorised by CEO prior to payment. On receipt of goods, asset is entered into the Accounting System.
			b	A check is made that all assets that should be recorded are recorded.	Checked by:	Financial Consultant	Regular updates to the EHA Asset Register and internal asset listing are completed by Administration Officer. Financial Consultant conducts checks twice a year at interim and balance day audit.
			c	A check is made that payroll is appropriately costed.	Checked by:	Team Leader - Administration and Immunisation	Payroll expenses are tracked as part of the EOM process, this includes updating of YTD salaries report which also costs out against yearly budget. "Actual" hours and staff allocations are recorded against budgeted numbers to track costings for future forecasting.
			d	Fixed assets are recorded.	Recorded by:	Team Leader - Administration and Immunisation	EHA Asset Register updated and reconciled at the end of the financial year.
			e	Errors are fixed by a general or asset sub-system journal.	Processed by:	Team Leader - Administration and Immunisation	
			f	Asset registers are updated and reconciled to the general ledger on a regular basis.	Reconciled by:	Financial Consultant	Last reconciled 30/06/2023.

Last updated:

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5.0 Fixed Assets

5.1 Objective

That an adequate record is kept of all EHA assets and the record is kept up to date.

5.2	Risks:			Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
			g	Activity recorded in fixed asset register is reviewed by management and compared to the capital budget.	Reviewed by:	Financial Consultant	Each qtr budget review the fixed asset register is compared against the capital budget as a check point.
	2	Fixed assets are not valued correctly.	a	Periodic revaluations are carried out (in the order of every 3 to 5 years) and carrying amounts are reviewed annually to ensure they remain fairly stated.	Requested by:	Chief Executive Officer	
			b	Management reviews depreciation rates and methodology annually to ensure that methods used to depreciate fixed assets are still appropriate in accordance with the asset impairment and asset revaluation policies.	Reviewed by:	Financial Consultant	Depreciation review is done annually in consultation with Accountant at each development of Annual Business Plan and Budget.
	3	Depreciation charges are either invalid, not recorded at all or are inaccurately recorded.	a	Management reviews depreciation rates and methodology annually to ensure that methods used to depreciate fixed assets are still appropriate in accordance with the asset impairment and asset revaluation policies.	Reviewed by:	Financial Consultant	Agenda item on the timetable for End of Financial Year Timeline to ensure depreciation of fixed assets for year end is correct. The annual timetable is to be drafted for 2024 and distributed in April 2024 by Kristen Paparella.

Last updated:

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6/12/2023

6.0 Debtors other than rates

6 Objective

The raising, monitoring and collection of debtors other than rates.

6	Risks:		Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
	1	Debtors invoices and credit notes are either inaccurately recorded or not recorded at all.	a	An invoice is requested to be raised.	Requested by: Finance- Administration officer	Pro-forma request for invoice is regularly reviewed.
			b	Debtors input is posted. Incorrect input can be amended.	Input by: Finance- Administration officer	
			c	Invoices raised are reviewed for completeness and accuracy.	Reviewed by: Team Leader - Administration and Immunisation	Invoices are crossed checked prior to being emailed.
			d	Statements of accounts receivable are mailed emailed to debtors	Prepared by: Finance- Administration officer	Monthly follow up plan as per Debt Collection Standard Operating Procedure.
			e	Errors discovered after an invoice is raised are corrected by processing a 'debtors journal'.	Processed by: Team Leader - Administration and Immunisation	Any errors identified are submitted by the Finance- Administration Officer to the Team Leader - Administration and Immunisation for correction approval. Evidence of error retained and filed in Records Management System as per processed in MYOB.
			f	A copy of the debtor's invoices is retained.	Retained by: Finance- Administration officer	Recorded in MYOB Accounting Software.
			g	Payments are received via the receipting system.	Received by: Finance- Administration officer	Payment method is recorded in the accounting system (MYOB) including cheque numbers or electronic payment details.
			h	Debtors outstanding are reconciled to the general ledger control accounts on a monthly basis.	Reconciled by: Team Leader - Administration and Immunisation	Evidence of monthly reconciliation retained and filed in EHA's Records Management System. Monthly debtors reports are maintained by Administration Officer.

Last updated:

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6/12/2023

6.0 Debtors other than rates

6 Objective

The raising, monitoring and collection of debtors other than rates.

6	Risks:			Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
			i	Audit trails and reconciliations are independently reviewed.	Reviewed by:	Financial Consultant	Creative Auditing has online access to the MYOB file.

Last updated:

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6.0 Debtors other than rates

6 Objective

The raising, monitoring and collection of debtors other than rates.

6	Risks:			Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
			j	Debtors and revenue are compared to budget regularly and significant variances investigated.	Investigated by:	Chief Executive Officer	Monthly debtors report is balanced to the GL account as part of EOM process. Outstanding debtors and all variances are followed up weekly per the reporting process.
			k	Credit notes are processed independently of the debtors processing function.	Processed by:	Team Leader - Administration and Immunisation	Credits are processed by Team Leader - Administration and Immunisation following evidence provided by Finance Administration Officer. Evidence of credit retained in Content Manager as per processed in MYOB.
2	An appropriate provision for doubtful debts is not recorded accurately.	a		Management reviews the provision for doubtful debts on a regular basis.	Reviewed by:	Chief Executive Officer	Pro-forma form completed for any doubtful debt. Authorised by Team Leader and CEO. EOFY provision for doubtful debt is to be finalised by May of the current financial year.
		b		Management reviews the debtors ageing profile on a regular basis and investigates any outstanding items.	Reviewed by:	Chief Executive Officer	If an issue with a debtor is identified and unable to be resolved by the Finance Administration Officer, it is submitted as an agenda item on the Management Meeting resolution.
		c		Debtors and revenue are to be compared by management to the budget regularly significant variances are investigated.	Reviewed by:	Chief Executive Officer	
		d		Management is to approve all bad debt write-offs and movements in the provision for doubtful debts, in line with the Debt Collection Policy.	Approved by:	Chief Executive Officer	Refer to EHA's Debt Collection Policy. Debts will be written off when all reasonable attempts to recover outstanding amounts have been made or the costs of recovery are likely to equal or exceed the amount to be recovered.

Last updated:

6/12/2023

7.0 Receipting

7.1 Objective

Accountability of monies due to EHA.

7.2	Risks:				Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
	1	Cash float is inadequately safeguarded	a		The cash float is stored in secured facilities.	Stored by:	Receipting Staff	Stored in locked cupboard in reception.
			b		Access (i.e. passwords or keys) to the cash float safes/registers is limited to appropriately designated staff.	Limited to:	Receipting Staff	Keys are stored seperately. All administration staff have access to tin for clinic purposes.
			c		A register for cash floats is maintained.	Maintained by:	Team Leader - Administration and Immunisation	\$200 float. Cash Register is reconciled at the beginning and end of every clinic. Admin staff rostered onto clinic sign to verify reconciliation has been completed.
			d		The cash float is reconciled on a regular basis and these reconciliations are reviewed by the Finance-Administation Officer-Team Leader Administration & Immunisation.	Reconciled by:	Administration Officer	Cash Register is reconciled at the beginning and end of every clinic.
						Reviewed by:	Finance- Admininistration officer	Any discrepencies are picked up when processing the bank statement reconciliation.
	2	Receipts are either inaccurately recorded or not recorded at all	a		Receipts are recorded. Service users/customers are provided with a copy of the receipt on request and total weekly receipts (per register) are balanced to receipts deposited at bank.	Performed by:	Finance- Admininistration officer	Evidence of weekly balancing of receipts retained.

Last updated:

6/12/2023

7.0 Receipting

7.1 Objective

Accountability of monies due to EHA.

7.2	Risks:				Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
			b		Bank statements are reconciled to the general ledger weekly.	Reconciled by:	Finance Administration officer	Monthly reconciliation documented and signed by Team Leader - Administration and Immunisation and CEO.
	3	Receipts are not deposited at the bank on a timely basis.	a		Cash receipts are deposited regularly at the bank by a person independent from the initial recording of the cash receipts.	Deposited by:	Finance Administration officer	Banking completed each Fortnight on a Friday. Unless, funds received are minimal it is then completed as part of the EOM requirements.
			b		Cash is physically transferred to the bank in a secure manner.	Transferred by:	Team Leader - Administration and Immunisation	
	4	Offsite collection of monies is not handled correctly.	a		Receipts are provided for monies received where requested.	Provided by:	Receipting Staff	
			b		Cash floats are reconciled on a regular basis and these reconciliations are signed by the Chief Executive Officer.	Reviewed by:	Receipting Staff	Cash Register is reconciled at the beginning and end of every clinic. Spot checks to be completed by both Team Leader - Administration & Immunisation and CEO.

Last updated:

Eastern Health Authority
6/12/2023

8.0 Payroll

8.1 Objective

Preparation of payroll for EHA staff. Staff are paid fortnightly by direct bank credit. Tasks include, leave recording, superannuation payments, and workers compensation claims.

8.2	Risks:				Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
	1	Employee provisions are either inaccurately recorded or not recorded at all.	a	i	Staff requests for leave require approval.	Approved by:	Chief Executive Officer	Refer to EHA's Template of Leave Application Form.
				ii	Taken leave is recorded independent from the approval.	Recorded by:	Finance- Administration- Officer Team Leader - Administration and Immunisation	Leave taken is recorded in MYOB as part of the fortnightly Payroll process. Leave forms are filed in the records management system under the employees personnel file.
			b		The methodology used to calculate salary sacrifice calculations and employee provisions to ensure consistency with statutory reporting requirements is reviewed.	Reviewed by:	Financial Consultant	All calculations are authorised by Team Leader and CEO prior to adjustment in pay.
			c		Employee provisions are reviewed on a regular basis.	Reviewed by:	Financial Consultant	Creative Auditing has access to the online MYOB file.
			d		Actual employee costs and employee provisions are compared to budget on a regular basis and significant variances investigated.	Performed by:	Chief Executive Officer	Payroll expenses are tracked as part of EOM process, this includes updating of YTD salaries report which also costs out against yearly budget.
			e		Access to payroll/provision masterfiles is restricted to designated and qualified staff.	Accessible by:	Team Leader - Administration and Immunisation	Access to payroll in MYOB restricted to Finance Administration Officer and Team Leader - Administration and Immunisation.

Last updated:

Eastern Health Authority
6/12/2023

8.0 Payroll

8.1 Objective

Preparation of payroll for EHA staff. Staff are paid fortnightly by direct bank credit. Tasks include, leave recording, superannuation payments, and workers compensation claims.

8.2	Risks:			Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
	2 Payroll calculations are inaccurate	a	i	Timesheets are checked.	Checked by:	Finance Administration Officer	Relevant Team Leaders responsible for checking Timebooks and Flexitime system.
			ii	Timesheets are authorised.	Authorised by:	Finance Administration Officer	Relevant Team Leaders responsible for checking Timebooks and Flexitime system.
			iii	Timesheet are checked for logic, additions and input codes are added.	Checked by:	Finance Administration Officer	Relevant Team Leaders responsible for checking Timebooks and Flexitime system.
		b		Leave applications entitlements are checked.	Checked by:	Team Leader - Administration and Immunisation	Calculations prepared are recorded and saved into employees Electronic Personnel file.
		c		Overtime applications are checked and authorised.	Authorised by:	Team Leader - Administration and Immunisation	Overtime forms prepared are recorded and saved into employees Electronic Personnel file.
		d	i	Masterfile changes are authorised.	Authorised by:	Chief Executive Officer	CEO to authorise changes to Personnel masterfiles in MYOB.
			ii	Masterfile changes are independently checked for correct input.	Checked by:	Chief Executive Officer	Evidence of independent review of masterfile changes as per fortnightly pay cycle authorisation from CEO.

Last updated:

Eastern Health Authority
6/12/2023

8.0 Payroll

8.1 Objective

Preparation of payroll for EHA staff. Staff are paid fortnightly by direct bank credit. Tasks include, leave recording, superannuation payments, and workers compensation claims.

8.2	Risks:				Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
			e	i	Errors in a timesheet require the submission of an amended sheet.	Checked by:	Finance- Administration- Officer-Team Leader - Administration and Immunisation	
				ii	Other input errors are corrected during pay preparation or in a subsequent pay	Input by:	Finance- Administration- Officer-Team Leader - Administration and Immunisation	
			f	The update to the general ledger is performed once all pay preparation is complete for a pay period.	Checked by:	Finance- Administration- Officer-Team Leader - Administration and Immunisation		
			g	Data input to an incorrect general ledger account number is corrected by a general journal.	Performed by:	Team Leader - Administration and Immunisation	Evidence of journal stored in Payroll processed in MYOB.	

Last updated:

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6/12/2023

8.0 Payroll

8.1 Objective

Preparation of payroll for EHA staff. Staff are paid fortnightly by direct bank credit. Tasks include, leave recording, superannuation payments, and workers compensation claims.

8.2	Risks:			Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
			h	The payroll software produces various warnings to indicate likely errors.	Reviewed by:	Team Leader - Administration and Immunisation	
			i	Actual payroll expense is compared to budget by management; significant variances are investigated and approved by management.	Compared by:	Team Leader - Administration and Immunisation	Payroll expenses are tracked as part of EOM proces, this includes updatng of YTD salaries report which also costs out against yearly budget. "Actual" hours and staff allocations are recorded against budgeted numbers to track costings for future forecasting.

Last updated:

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6/12/2023

8.0 Payroll

8.1 Objective

Preparation of payroll for EHA staff. Staff are paid fortnightly by direct bank credit. Tasks include, leave recording, superannuation payments, and workers compensation claims.

8.2	Risks:			Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
	3	Payroll disbursements are made to incorrect or fictitious employees.	a	EFT payroll disbursements involve two people in the approval and transfer process.	1st approval:	Chief Executive Officer	Note: Team Leader - Administration and Immunisation as alternative.
					2nd approval:	Team Leader - Environmental Health	
			b	The EFT bank payment report is printed and retained.	Performed by:	Finance-Administration-Officer Team Leader - Administration and Immunisation	Scanned into electronic records management system.
			c	Departmental managers perform a regular review of report detailing all employees listed on payroll masterfile; all unusual items are investigated.	Performed by:	Chief Executive Officer	Review by CEO of any changes on master files.

Last updated:

Eastern Health Authority
6/12/2023

8.0 Payroll

8.1 Objective

Preparation of payroll for EHA staff. Staff are paid fortnightly by direct bank credit. Tasks include, leave recording, superannuation payments, and workers compensation claims.

8.2	Risks:			Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
	4	Time and attendance data is either invalid, inaccurately recorded or not recorded at all.	a	Salary and hourly payroll reports (including compensation and withholding information) are reviewed and approved by management.	Performed by:	Team Leader - Administration and Immunisation	Relevant Team Leaders are responsible for approval.
			b	Time recording and attendance exceptions based on expectations established by management are identified, monitored and corrected.	Performed by:	Team Leader - Administration and Immunisation	Relevant Team Leaders are responsible for checking Timebooks and Flexitime system for attendance. Any variations flagged are notified in writing to Finance Administration Officer for accurate payroll processing.
			c	Overtime hours worked and payments for such overtime are authorised by management for all employees who are paid for overtime.	Performed by:	Chief Executive Officer	Overtime form is completed by employee and authorised by relevant Team Leader and CEO.
			d	Time by employees is reconciled regularly between timesheets and payroll reports to ensure that all time entered manually into payroll system is accurate.	Reconciled by:	Team Leader - Administration and Immunisation	Relevant Team Leaders responsible for checking Timebooks and Flexitime system. Evidence of reconciliation.

Last updated:

Eastern Health Authority
6/12/2023

8.0 Payroll

8.1 Objective

Preparation of payroll for EHA staff. Staff are paid fortnightly by direct bank credit. Tasks include, leave recording, superannuation payments, and workers compensation claims.

8.2	Risks:			Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
	5	Payroll masterfile does not remain pertinent	a	Payroll masterfile data is periodically reviewed for accuracy and pertinence.	Performed by:	Team Leader - Administration and Immunisation	Evidence of periodic review.
			b	Departmental managers periodically review listings of current employees within their departments and notify the personnel department of necessary changes.	Performed by:		Evidence of periodic review.
			c	Payroll masterfile data is edited and validated. Identified errors are corrected.	Performed by:	Team Leader - Administration and Immunisation	Identified errors are documented.
			d	The ability to view, modify, or transfer information contained in the payroll masterfiles is restricted to authorised personnel.	Accessible by:	Team Leader - Administration and Immunisation	MYOB security settings in place to prevent unauthorised access.
			e	Variations between payroll masterfiles and time recording system are investigated and appropriate action taken.	Investigated by:	Team Leader - Administration and Immunisation	Relevant Team Leaders are responsible for checking Timebooks and Flexitime system for attendance which may cause variances in payroll processing. Any variations flagged are investigated and appropriate action taken.
			f	Significant changes (supported by adequate audit trail) to the payroll masterfiles approved by management	Approved by:	Chief Executive Officer	Evidence of significant changes approved by management.

Last updated:

Eastern Health Authority
6/12/2023

8.0 Payroll

8.1 Objective

Preparation of payroll for EHA staff. Staff are paid fortnightly by direct bank credit. Tasks include, leave recording, superannuation payments, and workers compensation claims.

8.2	Risks:			Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
	6	Voluntary and statutory payroll deductions are inaccurately processed.	a	The payroll deduction information is periodically reviewed for accuracy and ongoing pertinence.	Reviewed by:	Finance- Administration- Officer Team Leader - Administration and Immunisation	Evidence of deduction information being reviewed.

Last updated:

Eastern Health Authority
6/12/2023

8.0 Payroll

8.1 Objective

Preparation of payroll for EHA staff. Staff are paid fortnightly by direct bank credit. Tasks include, leave recording, superannuation payments, and workers compensation claims.

8.2	Risks:			Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
			b	Changes to the payroll deduction information are compared to authorised source documents to ensure that they were input accurately.	Performed by:	Finance- Administration- Officer Team Leader - Administration and Immunisation	Evidence of comparison undertaken.
			c	Payroll deduction information is periodically reviewed for compliance with statutory requirements.	Performed by:	Finance- Administration- Officer Team Leader - Administration and Immunisation	Evidence of periodic review.
			d	All payroll deductions must be approved by the relevant employee.	Approved by:		All deductions authorised by Employee in writing and copy kept in Electronic Personnel File
	7	Salary sacrifice transactions are inaccurately processed.	a	All original salary sacrifice transactions must be approved by the relevant employee. Approval is obtained prior to processing transactions into the payroll system.	Approved by:		All calculations authorised by CEO
			b	Management reviews a selection of salary sacrifice calculations for accuracy and compliance with statutory requirements; identified errors are promptly corrected.	Performed by:	Financial Consultant	All calculations authorised by CEO

Last updated:

Eastern Health Authority
6/12/2023

8.0 Payroll

8.1 Objective

Preparation of payroll for EHA staff. Staff are paid fortnightly by direct bank credit. Tasks include, leave recording, superannuation payments, and workers compensation claims.

8.2	Risks:				Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
	8	Pay is not distributed to employees in a timely manner.	a		Procedures to pay staff manually in the event that the electronic bank payment systems are off-line.	Managed by:	Team Leader - Administration and Immunisation	Procedure in place and is part of Emergency Management Procedures.

Last updated:

Eastern Health Authority
6/12/2023

9.0 Purchases and payments

9.1 Objective

Operation of a purchasing and payment function for EHA.

9.2	Risks:				Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
	1	Petty cash is inadequately safeguarded.	a		Petty cash is stored in secured facilities (e.g. safes, registers).		Receipting Staff	Cash Float is stored in locked cabinet at desk of Finance Administration Officer.
			b		Access (i.e. passwords or keys) to the petty cash safes/registers is limited to appropriately designated staff.		Administration Officer	Administration Officer manages all areas of Petty Cash. Keys for petty cash tin are kept in a locked drawer at the desk of Administration Officer, with the spare key held with the Team Leader - Administration and Immunisation.
			c		Petty cash is maintained by Finance Administration Officer.		Administration Officer	Electronic petty cash records kept. All documents are scanned into electronic records management system.
			d		Petty cash is reconciled on a regular basis (i.e. as funds are depleted as part of EOM process) and these reconciliations are reviewed by Chief Executive Officer.	Reviewed by:	Chief Executive Officer	Reconciliation of petty cash records are completed as part of the replenishment process. completed as part of EOM. All reimbursements completed and approval by Team Leader's and CEO for EOM reconciliation.
	2	Bank payments are either inaccurately recorded or not recorded at all.	a		EHA ensures an appropriate level of authority when advised of account numbers and account number changes for electronic transfers.	Checked by:	Team Leader - Administration and Immunisation	Finance Administration Officer will request formal notificatino in writing of the account changes. This is then authorised by team Leader - Administration and Immunisation.
			b		Access to the creditor masterfile data is restricted to minimise the likelihood of unauthorised bank account number changes.	Restricted to:	Team Leader - Administration and Immunisation	MYOB user access has been created with limited restrictions per USER access.

Last updated:

Eastern Health Authority
6/12/2023

9.0 Purchases and payments

9.1 Objective

Operation of a purchasing and payment function for EHA.

9.2	Risks:			Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
			c	Access to the electronic banking system requires two appropriately designated personnel.	1st approval:	Chief Executive Officer	Michael Livori
					2nd approval:	Team Leader - Environmental Health	Team Leader - Environmental Health: Nadia Conci Note: Kristen Paparella alternative
			d	Bank statements are reviewed frequently so any unauthorised access can be identified in a timely manner (phishing).	Reviewed by:	Team Leader - Administration and Immunisation	Weekly reviews of bank statement are performed. Cash flow monitored to identify any variances.
			e	Bank reconciliations are performed on a regular basis and are reviewed by an independent person. Any identified discrepancies are investigated immediately.	Performed by:	Team Leader - Administration and Immunisation	Bank reconciliations are completed as part of EOM process.
					Reviewed by:	Chief Executive Officer	Evidence of independent review.
	3	Accounts payable amounts are either inaccurately recorded or not recorded at all	a	Statements received from suppliers are reconciled to the supplier accounts in the accounts payable sub-ledger regularly and differences are investigated.	Reconciled by:	Finance Administration Officer	Imogen Hall, Administration Officer reconciles and follows up on any invoices required for payment against statement for the relevant month.
			b	Actual expenditures are compared to budget regularly; management reviews and approves significant variances.	Compared by:	Chief Executive Officer	Expenditure investigated against budget each EOM and review as part of the budget review process. Any variances over \$5k to be explained to the board.
			c	Invoices for services received are authorised and accompanied by appropriate supporting documentation.	Authorised by:	Chief Executive Officer	Purchase Orders required for purchases.

Last updated:

Eastern Health Authority
6/12/2023

9.0 Purchases and payments

9.1 Objective

Operation of a purchasing and payment function for EHA.

9.2	Risks:			Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
			d	Goods received are matched with purchase order details and/or invoices.	Matched by:	Finance Administration Officer	Invoices are checked for Goods Received stamp prior to authorisation and payment.
	4	Creditor disbursements are not valid.	a	All disbursements must be approved by management in accordance with Delegations of Authority.	Approved by:	Chief Executive Officer	
			b	Management reviews supporting documentation before approving payments.	Reviewed by:		Each individual invoice is approved by Chief Executive Officer prior to the payment batch being processed via Bank SA portal.
			c	There is a robust procedure for electronic funds transfer payments to reduce the likelihood of monies being credited to the wrong bank accounts.	Processed by:	Finance Administration Officer	Advices of bank accounts filed in EHA's Records Management System.
	5	Accounts payable are not paid on a timely basis	a	Invoice authorisation is obtained in a timely manner (2 days prior to payment).	Approved by:	Chief Executive Officer	Account Payments processed twice monthly.

Last updated:

Eastern Health Authority
6/12/2023

9.0 Purchases and payments

9.1 Objective

Operation of a purchasing and payment function for EHA.

9.2	Risks:				Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
	6	Accrued expenses are either inaccurately recorded or not recorded at all	a		Actuals are compared to budget on a regular basis.	Compared by:		Expenditure investigated against budget each EOM and as part of the budget review process. Any variances over \$5k to be explained to the board.
			b		Accrued expenses reconciliations are prepared on a regular basis and are reviewed by an independent person.	Prepared by:	Team Leader - Administration and Immunisation	Accrued expenses are not recognised in the general ledger before they have been paid.
						Reviewed by:	Financial Consultant	At EOFY any adjustments required are processed by our external accountant.
	7	EHA's cash reserves run out.	a		Management reviews cash position of EHA on an on-going basis, involving comparison to budgets; significant variances investigated by management.	Reviewed by:	Chief Executive Officer	
			b		The Long Term Financial Plans are updated annually for actual income and expenditure.	Updated by:	Financial Consultant	

Last updated:

Eastern Health Authority
6/12/2023

9.0 Purchases and payments

9.1 Objective

Operation of a purchasing and payment function for EHA.

9.2	Risks:				Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
	8	EHA does not obtain value for money i.e. non preferred supplier in its purchasing and procurement	a		There is a robust selection process of preferred suppliers.			Refer to EHA Procurement Policy
			b		Significant contracts periodically re-tendered to ensure that Authority achieves value for money from suppliers.			
			c		Staff are provided clear guidance and instructions on the process for purchasing goods and services (including appropriate approval and obtaining appropriate number of quotes, where applicable).			
			d		Staff are provided clear guidance and instructions as to the importance of using preferred suppliers for the purchase of goods and services.			
			e		An exception report generated detailing all purchases made from non-preferred suppliers; management regularly reviews this report and investigates significant/unusual items.	Reviewed by:	Chief Executive Officer	

Last updated:

Eastern Health Authority
6/12/2023

9.0 Purchases and payments

9.1 Objective

Operation of a purchasing and payment function for EHA.

9.2	Risks:				Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
	9	Good and services are purchased without an approved purchase order	a		A purchase order authorisation list (Delegations of Authority) is maintained, specifying the amounts up to which individuals are authorised to approve purchase requisitions.	Approved by:	Chief Executive Officer	Refer to EHA's Procurement Policy
			b		Employees must approve all purchase orders in accordance with the Delegations of Authority	Approved by:		
			c		Access to unissued purchase orders is restricted to authorised individuals.	Restricted by:	Team Leader - Administration and Immunisation	
			d		Staff are provided clear guidance and instructions on the process for purchasing goods and services (including appropriate approval).	Approved by:	Chief Executive Officer	

Last updated:

Eastern Health Authority
6/12/2023

9.0 Purchases and payments

9.1 Objective

Operation of a purchasing and payment function for EHA.

9.2	Risks:				Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
	10	Supplier masterfile does not remain pertinent	a		Supplier masterfile data is periodically reviewed independently for accuracy and ongoing pertinence.	Reviewed by:	Team Leader - Administration and Immunisation	Evidence of periodic review.
			b		Significant changes to the supplier masterfile are approved by management.	Approved by:	Team Leader - Administration and Immunisation	Evidence of approval.
			c		Access to the supplier masterfile is restricted to appropriately designated personnel.	Restricted to:	Team Leader - Administration and Immunisation	List of approved user access.
			d		Supplier masterfile is edited and validated; identified errors are corrected promptly.	Corrected by:	Team Leader - Administration and Immunisation	Document identified errors.
			e		Suppliers that have not been used for a significant period of time are reviewed and marked for deletion by the application.	Deleted by:	Team Leader - Administration and Immunisation	Evidence of review.

Last updated:

Eastern Health Authority
6/12/2023

9.0 Purchases and payments

9.1 Objective

Operation of a purchasing and payment function for EHA.

9.2	Risks:				Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
	11	Credit Cards are used for inappropriate purchases	a		The issue of all Credit Cards to employees is approved prior to release.	Approved by:	Chief Executive Officer	CEO is the only Credit Card holder for EHA
			b		Credit Card holders are provided with a copy of the policy and procedures associated with the issue and use of Credit Cards.			N/A
			c		Employees sign declaration confirming compliance with Authority policy and procedures prior to release of Credit Card.	Approved by:		N/A
			d		Usage restrictions placed on Credit card (i.e. only used for approved purchases from pre-approved businesses).	Reviewed by:	Team Leader - Administration and Immunisation	
			e		All credit card statements sent directly to person independent from the credit card holder, who reviews the nature and amounts of items on the statements; any unusual items are investigated.	Reviewed by:	Team Leader - Administration and Immunisation	Monthly reconciliation of credit card. Approved and Signed by Team Leader - Administration and Immunisation and CEO.

Last updated:

Eastern Health Authority
6/12/2023

9.0 Purchases and payments

9.1 Objective

Operation of a purchasing and payment function for EHA.

9.2	Risks:				Procedure:	Action	Position Title	Commentary and/or Actions Required including Due Date (if applicable)
	12	Employees are reimbursed for expenses of a personal nature	a		All employees' reimbursements must be submitted on a signed pro-forma claim form confirming that the employee is claiming only valid expenses.	Approved by:	Chief Executive Officer	
			b		All claims for employee reimbursements are approved by management in accordance with Delegations of Authority. Management focus on the nature (i.e. type of expense) as well as the amount of the claim.	Approved by:		Evidence of management approval
			c		All claims for Employee Reimbursements are submitted for approval along with supporting documentary evidence (i.e. receipts).	Approved by:		

The Local Government Act 1999 contains the following finance provisions:

Policy	Procedure	Audit
122 Strategic management plans	123 Annual business plans and budgets	126 Audit committee
125 Internal control policies	124 Accounting records to be kept	128 The auditor
133 Sources of funds	127 Financial statements	129 Conduct of audit
135 Ability of a Council to give security	134 Borrowing and related financial arrangements	130 CEO to assist auditor
138 Council not obliged to expend rate revenue in a particular financial year	136 State Government not liable for debts of a Council	187A Administrative audits by Ombudsman
139 Investment powers	137 Expenditure of funds	187B Investigation by Ombudsman
146 Rates and charges that a Council may impose	140 Review of investments	
148 Land against which rates may be assessed	141 Gifts to a Council	
150 General principles	142 Duty to insure against liability	
151 Basis of rating	143 Writing off bad debts	
152 General rates	144 Recovery of amounts due to Council	
155 Service rates and service charges	145 Payment of fees etc. to Council	
156 Basis of differential rates	149 Contiguous land	
166 Discretionary rebates of rates	153 Declaration of general rate (including differential general rates)	
182 Remission and postponement of payment	154 Separate rates	
188 Fees and charges	157 Notice of differentiating factors	
	158 Minimum rates and special adjustments for specified values	
	159 Preliminary	
	160 -165 Rebate of rates	
	167-169 Valuation of land	
	170 Notice of declaration of rates	
	172-174 Chief executive officer to keep assessment record	
	175 Duty of Registrar-General to supply information	
	176 Preliminary	
	177-187 Rates are charges against land	

Eastern Health Authority

Introduction (cont.)

2. Procedures

Procedures need to be documented which incorporate sufficient internal controls to address the areas of highest risk.

Why do we need this procedure?

We need the procedures to reduce the likelihood and consequences of financial errors and fraud.

What is the procedure?

What is the process for the paperwork and the review of the result.

Who performs the procedure?

Who processes and reviews the paperwork.

3. Internal Audit

Reviews the procedures to determine whether they adequately address the areas of greater risk. Also performs checks to ensure the critical procedures are operating efficiently and effectively. An efficient internal control is one that is effective using the minimum resources. An effective internal control is one that reduces the likelihood and consequence of a financial system failure.

4. External Audit

Reviews the procedures and the internal audit work performed. Conducts additional testing to minimise the likelihood of material errors in the financial reports and fraud.

7.7 DEBT COLLECTION POLICY

Author: Kristen Paparella
Ref: AF17/79

Summary

Eastern Health Authority (EHA) Debt Collection Policy was originally adopted at an Audit Committee meeting held on 22 August 2022. An update in relation to the periodic review of the Debt Collection Policy is provided in the following report.

Report

The Debt Collection Policy sets out a clear, equitable, accountable, and transparent process that EHA will follow for its debt management and collection practices. The Policy assists in ensuring that all debts owed to EHA are received by the due date or followed up within specified timeframes.

The current policy has been preliminarily reviewed and a couple of minor updates have been proposed in relation to the process of managing debt.

The Policy has been updated to reflect that if payment remains outstanding within 7 days of the invoice due date; telephone contact to the customer will commence with a final notice being sent at 28 days via email.

By shortening our collection time frames we anticipate a significant reduction in the accounts falling into doubtful debt timeframes.

Doubtful debts will be highlighted for write off in the month of May for EOFY reporting purposes.

A copy of the current Debt Collection Policy with suggested changes to the policy detailed as tracked changes is provided as attachment 1.

A copy of a draft amended Debt Collection Policy with these changes accepted is provided as attachment 2.

RECOMMENDATION

That:

1. The report regarding the Debt Collection Policy as amended is received.
2. The Debt Collection Policy as amended marked attachment 2 to the Debt Collection Policy report is endorsed and referred to the Board of Management for adoption.

Debt Collection Policy

1



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DEBT COLLECTION POLICY

Policy Reference	FM03
Date of initial Board Adoption	19 February 2014
Minutes Reference	8: 082018
Date of Audit Committee Endorsement (if applicable)	2245 August 202248
Date last reviewed by Eastern Health Authority Board of Management	3129 August 202248 6 December 2023
Relevant Document Reference	EHA Standard Operating Procedure - Debt Collection
Applicable Legislation	S143 Local Government Act 1999

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1. Purpose

This Debt Collection Policy (Policy) sets out a clear, equitable, accountable and transparent process that Eastern Health Authority (EHA) will follow for its debt management and collection practices.

The Policy will also assist in ensuring that debts owed to EHA are received by the due date or followed up within specified timeframes and to provide a consistent approach to debt management.

2. Scope

This policy applies to all EHA Staff in relation to the collection of outstanding debt.

3. Definitions

Credit – the purchase and/or provision of goods and services from EHA by a debtor on the basis of a commitment to pay at a future time.

Debt – the amount of money owed by the debtor as a result of a transaction with EHA. A debt is expected to be settled within the normal payment terms of trade.

Debtor – an individual, organisation or other party that transacts with EHA where goods or services are provided, use of facilities are made available, fines and licence fees are levied and any other transaction that results in a future payment to EHA.

A debtor is an asset for EHA, as it gives rise to an anticipated future benefit. The future benefits are cash inflows, which occur when the debt is paid.

D14/2952[v765]

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Debt Collection Policy

2

Invoice Date – the date which the invoice has been raised in the debtors system.

Write Off – the accounting procedure for cancelling a debt that is no longer collectable resulting in its removal from EHA's Balance Sheet.

4. Principles

Decisions relating to collection of outstanding debts will be considered in the context of:

- **Accountability and Transparency**

EHA's practices and decisions will be made in accordance with the relevant legislation and accepted conventions. Staff will ensure that internal controls are applied when dealing with outstanding debts.

- **Fairness and Equity**

EHA will ensure that all credit and related debts are managed fairly and equitably.

This Policy confirms that parties who incur debts do so on the understanding that the prescribed repayment terms are met.

- **Responsibilities**

The team providing the goods and/or service to the debtor will be responsible for completing the documentation required for an invoice to be generated.

Administration will be responsible for raising the invoice and the recovery of any debts for all teams.

- **Risk Management**

Principles of risk management will underpin decisions made in relation to credit and related debt management. To reduce the risk of non-payment of debt, a structured collection and recovery process will be applied.

5. Policy

EHA staff will maintain procedures that support the administration of this Policy.

5.1 Credit Management

Credit terms for all Debtors are 30 days from the date of invoice. A debtor may approach EHA for a payment arrangement to finalise the account if they are experiencing financial difficulties.

5.2 Debt Management

- 5.2.1 If payment has not been received by the due date within 30 days of the invoice date an invoice a payment reminder will be emailed scheduled in MYOB to be sent at 7, 14 and 21 days overdue, if the customer's account remains unpaid. to the debtor advising of invoices still to be paid as a first reminder.

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Debt Collection Policy

3

- 5.2.2 ~~If payment has not been received within 60 days of the invoice date a Final Demand Letter will be sent to the debtor requesting immediate payment. The letter will advise that debt collection will commence if the invoice is not paid in full and all costs associated with this process will be added to the outstanding debt. If payment is not received within 7 days of the invoice due date, telephone contact to the customer will commence. Please note: payment reminders as mentioned above will continue to be sent if payment is not made.~~
- 5.2.3 If payment has not been received within ~~90~~28 days of the invoice date, ~~a final notice will be sent to the customer, by both email and post.~~ telephone contact is made requesting immediate payment. ~~Repeated attempts are made by EHA staff to speak to the debtor and resolve the outstanding debt.~~
- 5.2.4 If payment is not received within ~~7 days of the final notice being issued and all telephone contact has been exhausted, a further 14 days and attempts to contact the debtor have been unsuccessful.~~ EHA Finance & Administration ~~staff~~ Officer will seek approval from the relevant Team Leader and CEO to refer the outstanding debt ~~and all relevant account information will be forwarded to the~~ Debt Collection Agency. This resulting action will be determined on a case by case basis.
- ~~5.2.5 If approval is given for the debt to be referred to the Debt Collection Agency, the debtor's contact details and relevant outstanding debt information will be provided to the Debt Collection Agency.~~
- 5.2.6 The Chief Executive Officer has the discretion to vary steps in 5.2.
- 5.2.7 This process does not apply to debts managed by the Fines Enforcement and Recovery Unit of South Australia.

6. Provision for Doubtful Debts

Where the recovery of debt is unlikely prior to completing all steps listed in 5.2 (i.e. where the debtor is bankrupt or in liquidation), a provision for doubtful debt shall be made.

- 6.1 Doubtful debts will be highlighted for write off in the month of May for EOFY reporting purposes.

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7. Write off

- 7.1 Section 143 of the Local Government Act 1999 will apply when determining if an outstanding debt should be written off.
- 7.2 Debts will only be written off when all reasonable attempts to recover outstanding amounts have been made or the costs of recovery are likely to equal or exceed the amount to be recovered.
- 7.3 All debts up to the value of \$10,000 must be authorised by the CEO.

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Debt Collection Policy

4

7.4 Any debts greater than \$10,000 must be authorised by the Board of Management.

7.4 ~~Doubtful debts will be highlighted for write off in the month of May for EOFY reporting purposes.~~

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8. Review & Evaluation

This Policy will be reviewed at least once every two years. However, EHA may revise or review this Policy at any time (but not so as to affect any process that has already commenced).

D14/2952[v765]
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DEBT COLLECTION POLICY

Policy Reference	FM03
Date of initial Board Adoption	19 February 2014
Minutes Reference	8: 082018
Date of Audit Committee Endorsement (if applicable)	22 August 2022
Date last reviewed by Eastern Health Authority Board of Management	6 December 2023
<i>Relevant Document Reference</i>	EHA Standard Operating Procedure - Debt Collection
Applicable Legislation	S143 Local Government Act 1999

1. Purpose

This Debt Collection Policy (Policy) sets out a clear, equitable, accountable and transparent process that Eastern Health Authority (EHA) will follow for its debt management and collection practices.

The Policy will also assist in ensuring that debts owed to EHA are received by the due date or followed up within specified timeframes and to provide a consistent approach to debt management.

2. Scope

This policy applies to all EHA Staff in relation to the collection of outstanding debt.

3. Definitions

Credit – the purchase and/or provision of goods and services from EHA by a debtor on the basis of a commitment to pay at a future time.

Debt – the amount of money owed by the debtor as a result of a transaction with EHA. A debt is expected to be settled within the normal payment terms of trade.

Debtor – an individual, organisation or other party that transacts with EHA where goods or services are provided, use of facilities are made available, fines and licence fees are levied and any other transaction that results in a future payment to EHA.

A debtor is an asset for EHA, as it gives rise to an anticipated future benefit. The future benefits are cash inflows, which occur when the debt is paid.

Invoice Date – the date which the invoice has been raised in the debtors system.

Write Off – the accounting procedure for cancelling a debt that is no longer collectable resulting in its removal from EHA's Balance Sheet.

4. Principles

Decisions relating to collection of outstanding debts will be considered in the context of:

- **Accountability and Transparency**

EHA's practices and decisions will be made in accordance with the relevant legislation and accepted conventions. Staff will ensure that internal controls are applied when dealing with outstanding debts.

- **Fairness and Equity**

EHA will ensure that all credit and related debts are managed fairly and equitably.

This Policy confirms that parties who incur debts do so on the understanding that the prescribed repayment terms are met.

- **Responsibilities**

The team providing the goods and/or service to the debtor will be responsible for completing the documentation required for an invoice to be generated.

Administration will be responsible for raising the invoice and the recovery of any debts for all teams.

- **Risk Management**

Principles of risk management will underpin decisions made in relation to credit and related debt management. To reduce the risk of non-payment of debt, a structured collection and recovery process will be applied.

5. Policy

EHA staff will maintain procedures that support the administration of this Policy.

5.1 Credit Management

Credit terms for all Debtors are 30 days from the date of invoice. A debtor may approach EHA for a payment arrangement to finalise the account if they are experiencing financial difficulties.

5.2 Debt Management

- 5.2.1 If payment has not been received by the due date of the invoice a payment reminder will be scheduled in MYOB to be sent at 7, 14 and 21 days overdue, if the customer's account remains unpaid.

- 5.2.2 If payment is not received within 7 days of the invoice due date, telephone contact to the customer will commence. Please note: payment reminders as mentioned above will continue to be sent if payment is not made.
- 5.2.3 If payment has not been received within 28 days of the invoice date, a final notice will be sent to the customer, by email.
- 5.2.4 If payment is not received within 7 days of the final notice being issued and all telephone contact has been exhausted, EHA Administration Officer will seek approval from the relevant Team Leader and CEO to refer the outstanding debt and all relevant account information will be forwarded to the Debt Collection Agency. This resulting action will be determined on a case by case basis.
- 5.2.6 The Chief Executive Officer has the discretion to vary steps in 5.2.
- 5.2.7 This process does not apply to debts managed by the Fines Enforcement and Recovery Unit of South Australia.

6. Provision for Doubtful Debts

Where the recovery of debt is unlikely prior to completing all steps listed in 5.2 (i.e. where the debtor is bankrupt or in liquidation), a provision for doubtful debt shall be made.

- 6.1 Doubtful debts will be highlighted for write off in the month of May for EOFY reporting purposes.

7. Write off

- 7.1 Section 143 of the Local Government Act 1999 will apply when determining if an outstanding debt should be written off.
- 7.2 Debts will only be written off when all reasonable attempts to recover outstanding amounts have been made or the costs of recovery are likely to equal or exceed the amount to be recovered.
- 7.3 All debts up to the value of \$10,000 must be authorised by the CEO.
- 7.4 Any debts greater than \$10,000 must be authorised by the Board of Management.

8. Review & Evaluation

This Policy will be reviewed at least once every two years. However, EHA may revise or review this Policy at any time (but not so as to affect any process that has already commenced).

7.8 APPOINTMENT OF EXTERNAL AUDITOR FOR 2024-2026

Author: Michael Livori
 Ref: AF23/97

REPORT TO BE KEPT CONFIDENTIAL BY COMMITTEE DUE TO COMMERCIAL SENSITIVITY**Summary**

Eastern Health Authority (EHA) is required under Regulation 20 of the *Local Government Financial Management Regulations 2011* and clause 7.6 of its Charter to appoint a suitably qualified person as its auditor. The term of appointment for the EHA's current Auditor, Bentleys expired with the conclusion of the 2022-2023 audit. It is therefore necessary to commence a process for engaging an auditor for the 2024-2024 financial reporting periods.

Report

Pursuant to Regulation 20 of the *Local Government Financial Management Regulations 2011* (detailed below) the EHA must have an auditor.

20—Auditor of subsidiary

- (1) *A council subsidiary or regional subsidiary must have an auditor.*
- (2) *The auditor must be—*
 - (a) *a registered company auditor; or*
 - (b) *a firm comprising at least 1 registered company auditor.*
- (3) *A person is not eligible to be the auditor of a subsidiary if—*
 - (a) *the person is a member of the board of management of the subsidiary; or*
 - (b) *the person is a member of the council which established the subsidiary or, in the case of a regional subsidiary, a member of a constituent council; or*
 - (c) *the person is a nominated candidate for election as a member of the council which established the subsidiary or, in the case of a regional subsidiary, is a nominated candidate for election as a member of a constituent council.*
- (4) *The office of auditor of a subsidiary becomes vacant if—*
 - (a) *the auditor dies; or*
 - (b) *the auditor resigns by written notice to the person who has been appointed to chair the board of management of the subsidiary; or*
 - (c) *the auditor is not or ceases to be eligible for appointment as the auditor; or*
 - (d) *the auditor accepts remunerated office or employment from the subsidiary or—*
 - (i) *in the case of a council subsidiary—the council which established the subsidiary; or*
 - (ii) *in the case of a regional subsidiary—a constituent council; or*

- (e) *the term of appointment of the auditor expires and the auditor is not reappointed; or*
- (f) *the auditor is removed from office by the subsidiary for reasonable cause*

Clause 7.6 of the EHA Charter provides for the following requirement in relation to the appointment of an external auditor.

7.6 Audit

- a) The Board shall appoint an external auditor in accordance with the Local Government (Financial Management) Regulations 2011 (SA).

Clause 10 of the EHA Audit Committee Terms of Reference which relates to the **Role of the Committee** includes provides the following in relation to the external audit.

10.5. External Audit

The Committee shall:

- 10.5.1. Monitor and review the effectiveness of EHA's external audit function;
- 10.5.2. Consider and make recommendation on the program of the external audit function;
- 10.5.3. Review the external auditor's report on the preparation of EHA's end of year financial statements;
- 10.5.4. Review any reports on EHA's operations prepared by the external auditor;
- 10.5.5. Review and monitor management's responsiveness to the findings and recommendations of the external auditor;
- 10.5.6. Consider and make recommendations to EHA, in relation to the appointment, re-appointment and removal of EHA's external auditor, including where the auditor resigns during the period of appointment.
- 10.5.7. Oversee EHA's relationship with the external auditor including, but not limited to:
 - 10.5.7.1. recommending the approval of the external auditor's remuneration, whether fees for audit or non-audit services, and recommending whether the level of fees is appropriate to enable an adequate audit to be conducted;
 - 10.5.7.2. recommending the approval of the external auditor's terms of engagement, including any engagement letter issued at the commencement of each audit and the scope of the audit;
 - 10.5.7.3. assessing the external auditor's independence and objectivity taking into account relevant professional and regulatory requirements and the extent of EHA's relationship with the auditor, including the provision of any non-audit services;
 - 10.5.7.4. satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the

external auditor and EHA (other than in the ordinary course of business);

- 10.5.7.5. monitoring the external auditor's compliance with legislative requirements on the rotation of audit partners; and
- 10.5.7.6. assessing the external auditor's qualifications, expertise and resources and the effectiveness of the audit process (which shall include a report from the external auditor on the audit Committee's own internal quality procedures);
- 10.5.7.7. review any representation letter(s) requested by the external auditor before they are signed by management;
- 10.5.7.8. review the management letter and management's response to the external auditor's findings and recommendations.

Engagement of External Auditor

As detailed previously, the term of appointment for the EHA's current Auditor, Bentleys expired with the conclusion of the 2022-2023 audit. It was therefore necessary to commence a process for engaging an auditor for the 2024-2026 financial year reporting periods.

A shortlist of suitable candidates for the role was developed in consultation with the Audit Committee. Those shortlisted were subsequently invited to provide a quotation based on an Audit Specification developed for the process (attachment 1).

The shortlisted candidates are detailed below.

- BDO
- Dean Newbery and Partners
- Galpins

BDO declined to submit a quote based on the availability of Auditors to conduct the work.

The submissions that were received are provided as attachment 2.

Quotation Evaluation

The quotations received were considered and evaluated by EHA administration.

The following table provides a basic assessment of candidates against the assessment criteria detailed in the Audit Specification document.

From the perspective of the assessment undertaken by EHA administration, both candidates demonstrate sound Capacity, Technical Expertise, Relevant Audit Experience, have provided an appropriate Audit Plan and appropriate referees. Dean Newbery and Partners provided the lowest quotation. EHA has had previous auditing work undertaken by Dean Newberry and found that the audit process was well conducted.

RFQ Number	One	Two	Three
Auditor Name	BDO	Dean Newberry	Galpins
Nominated Auditor	Declined to Submit quote due to Auditor availability	Samantha Creten	Tim Muhlhausler
Assessment Criteria			
Capacity		Meets Criteria	Meets Criteria
Experience		Meets Criteria	Meets Criteria
Proposed Audit Plan		Meets Criteria	Meets Criteria
Value Added Services		Supplied	Supplied
Technical Expertise		Supplied	Supplied
Referees		Supplied Page 22	Supplied Page 48
Price for Year 1: 2023/2024 GST Exclusive		\$8,000	\$9,800
Future Years		3.5% or Adelaide June CPI – whichever is higher	5.1% year 2 4.9% year 3
Ranking Administration		<ul style="list-style-type: none"> Meets Specification Lowest Cost Ranking – 1	<ul style="list-style-type: none"> Meets Specification Higher Cost Ranking - 2
Ranking Audit Committee			

As detailed in clause 10.5 of the EHA Audit Committee Terms of Reference, the Committee is required to make recommendations to the EHA Board of Management in relation to the appointment of the EHA's external auditor and to the level of remuneration.

It is requested that the Audit Committee consider the submissions and the assessment undertaken by EHA administration so that it is in a position to provide a recommendation to the Board of Management in relation to the appointment of EHA's external auditor for the 2023-2024 to 2025-2026 financial years.

RECOMMENDATION

That:

1. The Appointment of External Auditor for 2024-2026 report is received.
2. The Eastern Health Authority Board of Management be informed that the Audit Committee recommends that it appoints Dean Newbery as its External Auditor for the period 2023-2024 to 2025-2026 (with the option to extend for a further 2 years).

CONFIDENTIAL



Eastern Health Authority

AUDIT SPECIFICATION FOR EXTERNAL AUDIT SERVICES QUOTATION FINANCIAL YEARS: 2023/2024 TO 2025/2026

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INTRODUCTION

Eastern Health Authority (EHA) is required under Regulation 20 of the Local Government (Financial Management) Regulations 2011 to appoint a suitably qualified person as its auditor. The auditor reports to EHA on the General Purpose Financial Statements prepared annually in accordance with the Act.

The auditor must specifically identify in the report any irregularity in EHA's accounting practices or the management of EHA's financial affairs identified by the auditor during the course of an audit.

EHA BACKGROUND

EHA is formed as a regional subsidiary pursuant to Section 43 of the Local Government Act, 1999. Section 43 provides for two or more councils (known as the constituent councils) to establish a subsidiary to perform a function of the council in a joint service delivery arrangement.

EHA's current constituent councils consist of City of Burnside, Campbelltown City Council, City of Norwood, Payneham and St Peters, City of Prospect & The Town of Walkerville. A combined population of over 170,000 Constituent Council residents are serviced. In addition, the City of Unley and Adelaide Hills Council contract EHA to provide school and clinic based immunisation programs.

A wide range of environmental health functions are performed which include the prevention and control of disease, immunisation, hygiene and sanitation control, licensing, and monitoring of supported residential facilities and the surveillance of food premises to ensure appropriate food safety standards.

EHA ensures that its Constituent Councils are meeting their wide range of legislative responsibilities which relate to Environmental Health, and which are mandated in a number of pieces of legislation, the most important of these being the South Australian Public Health Act 2011, the Food Act 2001 and the Supported Residential Facilities Act 1992.

With the renewed commitment and demand for local government to adopt a more regional focus in the structure of their organisations and the delivery of their services EHA serves as an outstanding example of shared service delivery. It is local councils working together to protect the health of their communities.

EHA STRUCTURE

EHA is a body corporate and is governed by its Board, which has the responsibility to manage the business and other affairs of EHA ensuring that it acts in accordance with its Charter.

Each Constituent Council is required to appoint two persons to be Board Members. The Board currently consists of 10 members.

A Chair and Deputy Chair are elected on an annual basis.

The Board appoints a Chief Executive Officer to manage its business on terms agreed between the Chief Executive Officer and the Board. The Chief Executive Officer is responsible to the Board for the execution of decisions taken by the Board and for the efficient and effective management of the affairs of EHA.

The Board delegates responsibility for the day-to-day management of EHA to the Chief Executive Officer, who is required to ensure that sound business, financial and human resource management practices are applied in the efficient and effective management of the operations of EHA.

The Chief Executive Officer is supported by two senior staff, Team Leader Environmental Health officer and Team Leader Immunisation and Administration.

EHA's functions are undertaken by staff in three functional areas:

- Administration
- Immunisation
- Environmental Health

EHA employs a total of 25 staff (approximately 19 FTE).

EHA has established an Audit Committee. It is a formally constituted Committee of EHA pursuant to Clause 30 of Schedule 2 to the Local Government Act 1999 and is responsible to EHA. The Committee's role is to report to EHA and provide appropriate advice and recommendations on matters contained within its Terms of Reference.

1. EHA INFORMATION

1.1 Information Technology and Software Applications

EHA's ICT systems are spread across Cloud Providers with both IaaS (Infrastructure as a Service) and SaaS (Software as a Service) based system.

The Microsoft Windows Server environment is currently being upgraded, replacing the final server running Windows Server 2012 operating systems with Windows Server 2019-22 platform.

The core collaboration platforms being email and telephony are Cloud hosted, being provided by Microsoft Office 365 and Access 4 via our Service Provider Comunet.

Application Modules

MYOB AccountRight Plus – General Ledger, creditors, receipting, payroll, bank reconciliation.

IRIS – Immunisation software for recording client vaccination history

Micro Focus Content Manager – Electronic Document Records Management System

Health Manager – Environmental Health Data Management

1.2 Services and funds

EHA holds and conducts the following accounts:

General Bank Account Bank SA General Fund
General Investment LGFA
Loans LGFA

1.3 Income and Expenditure

EHA's total operating income for the year ended 30 June 2023 was \$2.675m whilst total operating expenditure was \$2.650m.

Total Equity is reported as \$0.577m.

1.4 Internal Audit

EHA does not employ an internal auditor. EHA has developed an Internal Controls Register which is a generic financial procedure manual / register specifically designed for smaller organisations such as EHA. The generic procedures detailed in the manual clearly document the action to address a risk and identifies the responsible officer. The document is regularly reviewed by the Audit Committee.

1.5 Insurances

EHA has a comprehensive range of insurances which are arranged through Local Government Risk Services (a division of Jardine Lloyd Thompson Pty Ltd).

These insurances include:

- Local Government Association Workers Compensation Scheme;
- Local Government Association Mutual Liability Scheme;
- Public Liability and Professional Indemnity;
- Personal Accident;
- Journey Injury;
- Local Government Income Protection Insurance;
- Local Government Asset Mutual Fund – building and contents, fidelity guarantee, machinery breakdown, computer and electronic equipment, motor vehicles.

2. SPECIFICATIONS

2.1 Objectives of the Audit

The objective of EHA's Audit is to provide an independent opinion of the accounts and annual financial reports of EHA for each financial year covered by the term of the audit appointment.

The audit must meet and comply with the requirements of:

- The Local Government Act 1999, and Regulations;
- Australian Accounting Standards;
- Local Government (Accountability Framework) Amendment Bill 2009;
- Auditing Standards, Auditing Guidance Statements and other relevant pronouncements issued jointly from time to time by the Institute of Chartered Accountants and CPA Australia.

2.2 Term of the Appointment

EHA is seeking to make an appointment for 3 years covering the financial reporting periods 2023/2024 to 2025/2026. The term may be extended by a further 2 years at EHA's sole discretion.

2.3 Critical Matters to be Audited

EHA is of the view that the following matters are important to the proper maintenance and reporting of its financial accounts. They are also important to the auditor's responsibility for providing an audit opinion and an audit report.

The auditor should include in his or her proposal the extent to which the matters outlined below will be examined in the course of forming his or her independent audit opinion of the accounts and annual financial reports of EHA.

2.3.1 Governance and Control

- Roles and Responsibilities;
- EHA/ Minutes and Directions;
- Strategic/Business/Risk Planning;
- Budget Management;
- Internal Controls including ICT Security

2.4 Hours, Fees & Expenditure

2.4.1 The auditor is to provide the following detail:

- an estimate of the hours to be spent on the audit;
- fees for completing the audit in accordance with this specification;
- the nominated auditor and registered company audit number; and,
- the experience of the nominated auditor in completing Local Government audits.

2.4.2 The fee for the audit services for the three (3) year term shall be calculated using the estimated fee for the 2023/2024 year as the base year. The fee for each subsequent year shall be the base year's fee plus a specified escalation method (e.g. CPI, Average Weekly Earnings). The quote should indicate the preferred escalation method.

2.4.3 All expenses are to be included in the fee.

2.4.4 All fees should be quoted on a GST **inclusive** basis.

2.5 Terms and conditions

The following conditions should be noted by auditors:

- The auditor shall not sub-contract to a third party without EHA approval;
- The auditor shall not, and has no right to, assign the audit contract to third parties;
- The auditor shall not be engaged by EHA to undertake any financial and accounting work that results in financial information that will be the subject of the annual audit;
- The auditor shall confirm that he or she has, and will maintain during the duration of the audit term, professional indemnity insurance covering the legal liability arising out of any neglect, default, error, or omission of at least \$5m in aggregate or \$1m on an 'each and every claim' basis with a two year run-off, plus public liability insurance to a minimum of \$10m;
- The auditor shall ensure that all relevant deadlines are met to enable the audited financial statements to be available within the specified statutory time.

2.6 Termination of Appointment

The appointment as auditor is terminated if:

- the auditor (being a natural person) dies,
- the auditor ceases to be a registered company auditor;

- the auditor is disqualified person under Section 128 (5) of the Local Government Act 1999;
- the auditor accepts remunerated office or employment from EHA;
- the auditor resigns by notice in writing to EHA;
- EHA serves notice in writing to the auditor terminating the appointment for reasonable cause;
- the term of the appointment expires.

2.7 Auditor Independence

The auditor is required, annually, to provide a declaration that he/she is independent of EHA and nothing has transpired that would compromise his or her independence during the conduct of the audit.

2.8 Audit Management Letter

The auditor must provide a report (an Audit Management Letter) to EHA, at the conclusion of an interim audit and the final audit, which sets out a range of matters that the auditor considers need to be drawn to the attention of EHA. The 'management letter' is issued in accordance with ASA 260 and satisfies the requirements of Section 129(4) of the Local Government Act. The interim audit management letter can be minimal in content and focus on any remedial action arising from the interim audit to be implemented as soon as possible. In circumstances where the auditor believes an area requires a greater depth of examination (outside the scope of the audit), the auditor should recommend further investigations be undertaken by a third party.

2.9 Current clients

Details of other Councils/Subsidiaries currently audited by the applicant must be supplied, with the names and contact details of at least two (2) referees provided.

2.10 Meeting with Audit Committee

The quotation should include the costs associated with attending an annual meeting with the Audit Committee where the auditor is required to present the financial statements and explain to the members the meaning of the contents of the financial statements and outline his/her opinion on the financial state of EHA as shown therein.

2.11 Other Information

Details may be provided of any other information which it is felt will support the application for the provision of audit services.

2.12 Lodgment of Quotation

Condition of Lodgment

Quotation marked “Confidential Quotation: External Audit Services” can be lodged at EHA’s Office situated at 101 Payneham Road, St Peters, by email in PDF format to mlivori@eha.sa.gov.au or by mail addressed to the Chief Executive Officer, EHA, PO Box 275, Stepney SA 5069.

2.13 Assessment & Acceptance of Quotation

The assessment of quotations will be based on the following criteria:-

- Capacity – including quality and availability of workforce;
- Quality and depth of audit performance and experience;
- Proposed audit plan;
- Price;
- Value added services;
- Technical Expertise;
- Referees.

The preferred auditor may be required to attend a meeting of the audit committee to discuss their submission prior to EHA making a decision.

The lowest or any quotation will not necessarily be accepted.

2.14 Closing of Quotations

Quotations close at 5pm on 22 November 2023.

2.15 Late Quotations

Quotations received after the closing date will be deemed late quotations and subsequently will not be considered by EHA.

2.17 References

In drafting this specification the LGA Financial Sustainability Program Information Papers have been used as a resource. The full contents of these information papers are available from the LGA website. www.lga.sa.gov.au

Attachments and further information.

Copies of EHA’s Financial Statements and related information can be obtained from EHA’s website www.eha.sa.gov.au

Questions relating to this quotation can be directed to Mr Michael Livori, Chief Executive Officer, on (08) 8132 3600 or by e-mail at mlivori@sa.gov.au



Request for Quotation – External Audit Services

Quotation Response Schedules – Eastern Health Authority

November 2023

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Dean Newbery (DN) – Who We are

DN is a privately owned and client focused professional services firm with a strong history of working with Local Government, agribusiness, commerce, health services and other not for profit organisations.

Our offices are located in North Adelaide and Balaklava. We offer access to a highly experienced, diverse team of dedicated professionals who are passionate about delivering high-quality, value-added services to our clients.

We have built a great deal of knowledge and experience given our long-standing involvement with the South Australian Local Government sector based on:

- The wide range of services we provide in both our audit and advisory divisions means we are strong in our understanding of the local government legislative environment.
- Our ability to adopt a fresh approach to our audit methodology.
- Resourcing our audit division with professional staff who appreciate the unique business environment of local government.

Meeting our Independence Requirements

Should DN be appointed as the external auditor, we will meet all audit independence requirements under the *Local Government Act 1999*.

Strategic Links – Dean Newbery & Eastern Health Authority

In our opinion, the key strategic links between the services we offer and that of the Authority are:

- Our longevity and involvement within the local government sector is driven by a desire to achieve the best possible outcomes and value for our clients.
- Our audit approach ensures that we focus on those areas of highest assessed risk.
- Our sponsorship of the South Australian Local Government Financial Management Group (SALGFMG) is a commitment of ensuring the quality of financial management frameworks and resources within the sector.
- DN always has had an active involvement with the South Australian Local Government Auditors Group (SALGAG).

Details of our Current Engagements

DN has been providing Local Government audit and advisory services to the sector for over 45 years. We are proud of our long standing and continual involvement with the sector. Given the length of time we have been involved with the South Australian Local Government sector, we are well placed with a high knowledge of the current, and historic, financial reporting frameworks, legislative and regulatory history as well as general industry knowledge which is an important factor in developing a robust and effective Audit Plan specific to each local government entity.

To demonstrate our experience, we are the external auditors of the following Local Government Councils:

- Campbelltown City Council
- City of Holdfast Bay
- City of Mount Gambier
- City of Port Lincoln
- City of Victor Harbor
- City of Whyalla
- Coorong District Council
- District Council of Elliston
- District Council of Lower Eyre Peninsula
- District Council of Streaky Bay
- District Council of Tumby Bay
- Northern Areas Council
- Rural City of Murray Bridge
- Tatiara District Council
- Wakefield Regional Council
- Wattle Range Council
- Wudinna District Council

In addition to the noted Council audits, we also undertake the external audit of the following Council Subsidiary entities:

- Adelaide Hills Region Waste Management Authority
- Brown Hill and Keswick Creeks Stormwater Board
- Eyre Peninsula Local Government Association
- Fleurieu Region Aquatic Centre Authority
- Gawler River Floodplain Management Authority
- Highbury Landfill Authority
- LEGATUS Group
- Limestone Coast Local Government Association
- Murraylands & Riverland Local Government Association

Dean Newbery's Proposed Service Delivery Model

We plan to approach the audit applying the following key principals to our service delivery model:

Assemble Audit Team	Audit Mindset	Transition Plan	Communication Strategy	Audit Delivery Model
<p>Assemble an audit team that will deliver:</p> <ul style="list-style-type: none">- Consistent delivery of service- Provide a fresh approach- Experienced and capable of undertaking the audit based on the unique environment and operations- Ensure all staff have ongoing training and development to ensure technical skills and services provided are of the highest standard	<p>Audit team assembled is to demonstrate the following qualities and attributes:</p> <ul style="list-style-type: none">- Approachable and personable- Knowledgeable and experienced in auditing similar environments- Approach the audit with an attitude that looks to add-value and provide practical solutions to issues identified- Accessible to address audit issues as/when they arise- Gain a full understanding of the operations, risks and strategic objectives	<p>In Year 1, develop a transition plan that aims to achieve:</p> <ul style="list-style-type: none">- Gain all required ethical clearances as required by Auditing Standards- Issue Engagement Letter- Meet with the Administration and the Audit Committee to formulate a draft Audit Plan. The purpose is to outline the proposed audit process and timetable	<p>As part of developing the Audit Plan in Year 1, we aim to develop a communication strategy that incorporates the following key principles (at minimum):</p> <ul style="list-style-type: none">- Establish a communication and reporting strategy- Establish due dates for key audit milestones such as Audit Plan, Interim Audit Report, meeting with the Audit Committee, final Audit Report, etc.- Gain feedback from Transition Plan work completed and formulate final Communication Strategy for the audit	<p>Apply a risk-based approach to the audit applying the following methodology:</p> <ul style="list-style-type: none">- Use of CaseWare electronic audit software and working papers to ensure the audit methodology applies the latest standards- Use of Xtend Portal services that enable secure transmission of electronic audit documents and queries as part of the audit service delivery model- Detailed reporting and communication to the Board and Management

Audit Client Portal – CaseWare Xtend

DN utilises CaseWare Xtend online platform that provides a flexible and secure option for clients to upload information remotely. This platform enables us to lodge audit requests with clients and to upload documents and information in one secure place which minimises the need for multiple email transmissions. CaseWare Xtend provides greater flexibility and transparency throughout the audit process which enables all parties to continually track the progress of all outstanding audit matters and requests. This enables better collaboration and continuous auditing to be undertaken throughout the term of the engagement.

At the commencement of the engagement, the below are key matters we have identified for initial review and assessment given the assessed levels of risk on material misstatement:

- **Internal Financial Controls:**
 - Review that there is appropriate review of internal controls being undertaken by the Administration and reported to the Audit Committee.
 - In the first year of the audit engagement, undertaking a comprehensive review of the internal control framework and providing feedback on recommended areas of improvement and strengthening of controls in operation.
 - Review over banking controls and segregation of duties across key business operations.
- **Information Technology Controls**
 - Undertake a comprehensive review of system access controls in relation to access to MYOB accounting software system and Micro Focus electronic document records. Review system access to ensure that appropriate segregation of duties and system permission levels granted according to individual position roles and responsibilities.
 - System data backup protocols and controls.
 - Review of applicable policies and procedures relevant to IT controls and systems.
- **Compliance Review**
 - Review compliance with financial reporting requirements per the *Local Government Act 1999* and Regulations relating to:
 - Form and presentation of the annual financial statements with the Model Financial Statements
 - Annual Business Plan and Budget formation and presentation – including the appropriate undertaking of budget revisions as required by legislation
 - Development and adoption of strategic plans
 - Review and adoption of policies in accordance with the internal timeframes and legislative requirements (e.g. Procurement Policy).

Audit Methodology – Summary Audit Plan

Item 7.7 Attachment 2

Scope

March

- Gain understanding of business risks
- Identify any concerns and understanding of business operations
- Evaluate general economic/environmental conditions which may impact the audit work required
- Meet with Management to gain preliminary information

Plan

April

- Undertake interim analytical review
- Issue Management and those charged with governance detailed questionnaire on controls, policies, procedures and accounting systems
- Confirm audit milestone dates and key deliverables
- Issue Audit Plan to those charged with governance and Management for financial year

Interim Testing

May

- Conduct sample testing over key business cycles and operations including:
 - Payroll
 - Accounts Payable
 - Income/Receivables
 - Test of internal controls
 - General Ledger Control Account reconciliations
 - Review of minutes and strategic plans
 - Analytical review
- At the conclusion of the Interim Audit, issue a Management report detailing all work completed and findings/recommendations

Balance Date Testing

August

- Undertake end-of-year Balance Date audit
- Conduct audit of the annual financial statements
- Testing conducted on the revenue & expenditure and the assets & liabilities presented in the financial report against the financial records maintained
- Consider post-balance date events and disclosures to ensure any contingent items are reported (if required)
- Conduct audit using a mix of substantive and analytical procedures
- Obtain external confirmations to confirm the existence and accuracy of balances reported (i.e. bank confirmations)
- Conduct an 'Exit Meeting' with Management outlining all audit findings and recommendations

Completion

September

- Formulate audit opinion
- Provide those charged with governance and Management with an Audit Completion Report detailing all work conducted, audit findings/recommendations, summary of key audit matters and draft Audit Report
- Meet with the Audit Committee to deliver Audit Completion Report
- Complete audit file review
- Issue final reports for the financial year

Our Audit Approach

Dean Newbery has developed specific audit programs tailored for the Local Government sector that ensures all audit matters required to be included in the scope of audit services under the *Local Government Act 1999* and applicable Regulations are encompassed in the work undertaken.

Our audits ensure compliance with the following requirements:

- *Local Government Act 1999*
- *Local Government (Financial Management) Regulations 2011*
- Australian Auditing Standards (including Guidance Statements)

In ensuring that we comply with the above requirements, our audits take into consideration the South Australian Local Government Model Financial Statements when designing audit procedures and reports for our clients. Our audit approach is risk based and complies with all applicable Australian Auditing Standards and requirements under the Act and other applicable Regulations and professional requirements of the Accounting industry.

The Audit Plan

The following proposed audit plan assists with identifying and mitigating any audit matters in an efficient and constructive manner by engaging with both the Audit Committee and Administration on a continual basis.

The proposed audit plan outlined below places a high emphasis to at all times consider matters outside of the 'Balance Sheet' audit approach – we place a high emphasis on continually monitoring and reviewing the governance practices and internal controls to ensure that at all times, a high standard is maintained as required of a public entity.

Based on the proposed audit timetable on Page 7, we are flexible to amending the timing of audit attendances to meet any specific deadlines the Authority requires to achieve.

We will consult and factor all of the Authority's deadlines in developing the proposed audit timetable within the Audit Planning phase.

Annual Engagement Key Audit Focus Matters

Audit Matters	Matter Under Review
Delegation of Authority	Review controls and processes relating to amending changes in authority levels for procurement and EFT payment releases.
Statutory Reporting	Review conformance with statutory reporting obligations – i.e. Long-Term Financial Plan, Annual Business Plan and budget revisions, Annual Report, public registers, etc.
Financial Policies	Key policies and registers are maintained.
General Ledger Control Account Reconciliations	Regular reconciliation of general ledger control accounts are undertaken and independently reviewed.
Internal Control Review	Regular review of financial internal controls are conducted by the Administration and all findings and recommendations are reported to the Audit Committee for their consideration and review.

Audit Technology Strategy

Our approach is unique in that we have hands-on knowledge obtained from over 45 years of working with the Local Government sector. Our audit software is tailored to enable our audit teams to undertake our audits with a high level of efficiency.

Audit teams use CaseWare audit working papers to assist with the management and analysis of audit working papers. Our audits therefore are undertaken in accordance with Australian Auditing Standards whilst also ensuring audits can be undertaken with a high degree of efficiency.

We have developed specific Local Government audit testing worksheets which we have integrated into our working papers that ensures our audit procedures are specific for the Local Government sector.

Proposed Audit Methodology – Substantive Procedures

Based on the results of our risk analysis, we design our audit procedures accordingly to gain appropriate evidence to substantiate balances and disclosures in the annual financial statements.

Substantive testing procedures include the following:

Reconciliation of Account Balances	Substantive procedures are designed specifically to substantiate account balances and disclosures in the financial statements.
Analytical Review	Examples of activities that are undertaken during this phase are the following:
Reperformance of Procedure	<ul style="list-style-type: none">• Obtain independent bank confirmation reports to confirm existence and value of bank accounts and loan facilities (if applicable) held at reporting date.• Recalculation of customer transactions (income generating activities).• Analytical review of asset depreciation.• Physical inspection of asset purchases/capital works (if/where applicable).
Recalculation of Account Balances and/or Transactions Recorded	
External Confirmations	
Physical Inspection	
Inquire or Observation	

At the conclusion of the Balance Date audit, we issue our Audit Completion Report together with all other prescribed reports for discussion with the Administration and Audit Committee.

Our Audit Completion Report includes the following:

- Summary of the conduct of the audit
- Confirmation of any remaining outstanding items
- Summary of uncorrected misstatements
- Confirmation of auditor independence compliance per the requirements of the *Local Government Act 1999*
- Summary of results from testing completed and outstanding matters for the Authority to consider
- Draft Financial Statements Audit Opinion

Final Issued Audit Reports

Subject to the Authority's timeframes, once all outstanding matters have been addressed, we will issue the following final audit reports to conclude the audit:

- Financial Statements Audit Opinion
- Actual Wages Declaration
- Other acquittals as required

We have provided below details of the extent to which matters we will be examining in the course of auditing the operations of the Authority.

Audit Matter	Critical Matters	Work to be Undertaken
Governance & Control	<ul style="list-style-type: none"> • Roles and Responsibilities • Delegated Authorities • Board/Committee Minutes and Directions • Strategy/Business/Risk Planning • Budget Management • Internal Controls including ICT Security 	<p>The audit will undertake specific audit procedures that will test the effectiveness of controls and processes in operation that are relevant to the areas reviewed. In particular, considering key matters as follows when formulating our audit opinion:</p> <ul style="list-style-type: none"> • Organisation structure • Statutory Registers (e.g. Gifts & Benefits Register) • Policies and procedures • Governance standards and practices • Documented delegation of authorities • Adopted communication strategy (internal and external communication) • Adequacy of records management systems • Level of reliance on external consultants / advisors <p>Audit tasks that will be undertaken to address the above considerations are:</p> <ul style="list-style-type: none"> • Enquiry of Management and those charged with governance (including meeting with the Presiding Member of the Audit Committee at the commencement of the engagement and annually with the Audit Committee) • Obtaining and reviewing key documents and reports relevant to listed Critical Matters • Physical observation and testing of controls (in particular, those relating to ICT security and system access)
Financial Accounting and Reporting	<p>Income</p> <ul style="list-style-type: none"> • Government grants (operating and capital) • Council Contributions • User charges • Investment income • Profit on sale of non-current assets • Other Income 	<p>Our work is designed to identify specific risks relevant to the audit that require audit testing to be undertaken. Our audit focus will be targeted to the assessed highest risk and material items which generally resides with Grant income, Council Contributions and User Charges related income. In particular, the correct classification of grant income recognised between operating and non-operating income per the Model Financial Statements framework requirements will be considered.</p> <p>Specific audit testing to be undertaken includes the following (but not limited to):</p> <ul style="list-style-type: none"> • Recalculation of income generated/recorded • Appropriate classification and disclosure of income • Substantive testing of transactions recorded back to source documents • Adherence to adopted policies and procedures (i.e. bad debt write-off)

Audit Matter	Critical Matters	Work to be Undertaken
Financial Accounting and Reporting	<p>Expenses</p> <ul style="list-style-type: none"> • Salary and wages • Materials and contracts • Depreciation • Loss on sale of non-current assets • Insurances • Bad Debts • Other Expenses (including finance charges) 	<p>The Audit Plan will identify the specific risks relevant to the audit that require audit testing to be undertaken. Our audit focus will be targeted to the assessed highest risk and material items as well as review the effectiveness of controls operating that relate to the following key control activities:</p> <ul style="list-style-type: none"> • Accurate calculation and appropriate recording of expenditure (including for payroll, depreciation and other supplier payments) • Adherence to adopted Procurement Policies and Procedures • Appropriate approval for payments and/or transactions recorded by an Officer with sufficient delegated authority • Salaries and wages are evidenced by appropriate supporting payroll documentation • Obtaining certificate of currencies for insurance policies held evidencing appropriate insurance held • Allowances and reimbursements paid to Board Members, Management and Committee Members are in accordance with adopted policies and procedures as well as applicable taxation laws • Depreciation expense is calculated in accordance with adopted asset accounting service standards.
Financial Accounting and Reporting	<p>Current Assets</p> <ul style="list-style-type: none"> • Cash at bank and short-term investments • Receivables and Prepayments 	<p>Audit testing is designed to test controls surrounding the recording, reporting and safeguards around cash managed by the Authority. In this regard, we also consider controls over physical cash handling relating to customer service staff cash floats, petty cash, external receipting sites, etc.</p> <p>Our processes aim to enable us to determine whether there are effective controls in operation to safeguard cash (including monies held in investments such as term deposit facilities).</p> <p>In addition to the test of control, substantive testing and analytical reviews are undertaken over all current asset critical matters noted as part of testing conducted. This is also undertaken where possible concurrently with Income testing procedures deployed.</p>

Audit Matter	Critical Matters	Work to be Undertaken
Financial Accounting and Reporting	<p>Non-Current Assets</p> <ul style="list-style-type: none"> Property, plant, equipment, and accumulated depreciation thereon Other Receivables 	<p>Areas of key review within this area include:</p> <ul style="list-style-type: none"> Appropriate recognition of assets (or the risk of assets not being recorded at all) Expenditure recorded in Work in Progress and/or capitalised asset is of capital nature and not operating expense (this includes for internally capitalised costs recorded) Asset disposals are appropriately recorded and disclosed in accordance with applicable accounting standards Asset depreciation is calculated based on reasonable assumptions that are consistent with adopted policies of the Authority Asset registers for each asset class reconcile to the General Ledger Asset impairment testing <p>In undertaking the work noted above, we make enquiries of Management to test the appropriateness of transactions recorded and disclosures made in the annual financial statement.</p>
Financial Accounting and Reporting	<p>Liabilities</p> <ul style="list-style-type: none"> Creditors and Accruals Loan Borrowings Provisions for employee entitlements 	<p>Our audit testing into critical matters is undertaken in conjunction (where possible) with Expense testing conducted to ensure that controls over the incurring of liabilities and payment of expenses are considered as part of internal business processes. In reviewing of payables, accruals, loans and provisions, and other financial liabilities we look at key factors such as:</p> <ul style="list-style-type: none"> Comparison of amounts recorded against external confirmations obtained (i.e. bank confirmation reports for loans held) Review of ageing of outstanding amounts recorded (i.e. are outstanding amounts within credit terms agreed with the supplier) Recognition criteria applied to any grants/payments received 'in advance' that have been treated as a liability given performance obligations have not been satisfied per agreements held Employee entitlements reconcile to appropriate leave records held and assumptions applied to on-costs recorded and discount rates applied are deemed reasonable

Audit Matter	Critical Matters	Work to be Undertaken
Financial Accounting and Reporting	<p>Other</p> <ul style="list-style-type: none"> • Statement of Changes in Equity • Disclosure of contingent liabilities • Disclosure of capital commitments • Accounting policies and notes to the financial statements • Cash Flow Statement • Uniform Presentation of Finances 	<p>Risks identified within the critical matters noted in this area relate to incorrect calculations of transactions, the omission of required disclosures, incorrect classification of transactions and failure to meet financial reporting requirements set out under the Model Financial Statements.</p> <p>In addressing the risks identified, the following audit procedures are undertaken:</p> <ul style="list-style-type: none"> • Critical review of financial statements by experienced engagement team member • Obtain external confirmations and reports as necessary (i.e. solicitor's representation letters, Key Management Personnel declarations, etc.) and review the adequacy and completeness of disclosures included • Recalculation of transactions to ensure they have been correctly recorded in various statements included in the financial statements from an accrual and cash flow perspective
Financial Accounting and Reporting	Presentation of Financial Statements	<p>Undertake a review of the format and presentation of the Financial Statements to ensure they are in conformance with the Model Financial Statements. Key work to be undertaken includes the following:</p> <ul style="list-style-type: none"> • Assess the controls and systems used to generate the annual financial statements • Review note disclosures and presentation of the financial statements to ensure they meet the requirements under the <i>Local Government Act 1999</i> and applicable Regulations • Review the adequacy of any disclosure that depart from the Model Financial Statement recommendations to ensure they comply with applicable Australian Accounting Standards and Interpretations

Proposed Audit Transition Plan

Based on our experience with other similar engagements, we have identified the following activities that need to be undertaken to transition a new audit team:

Our aim is to ensure the transition is of minimal disruption to the Administration.

A summary of our Transition Plan process is outlined below:

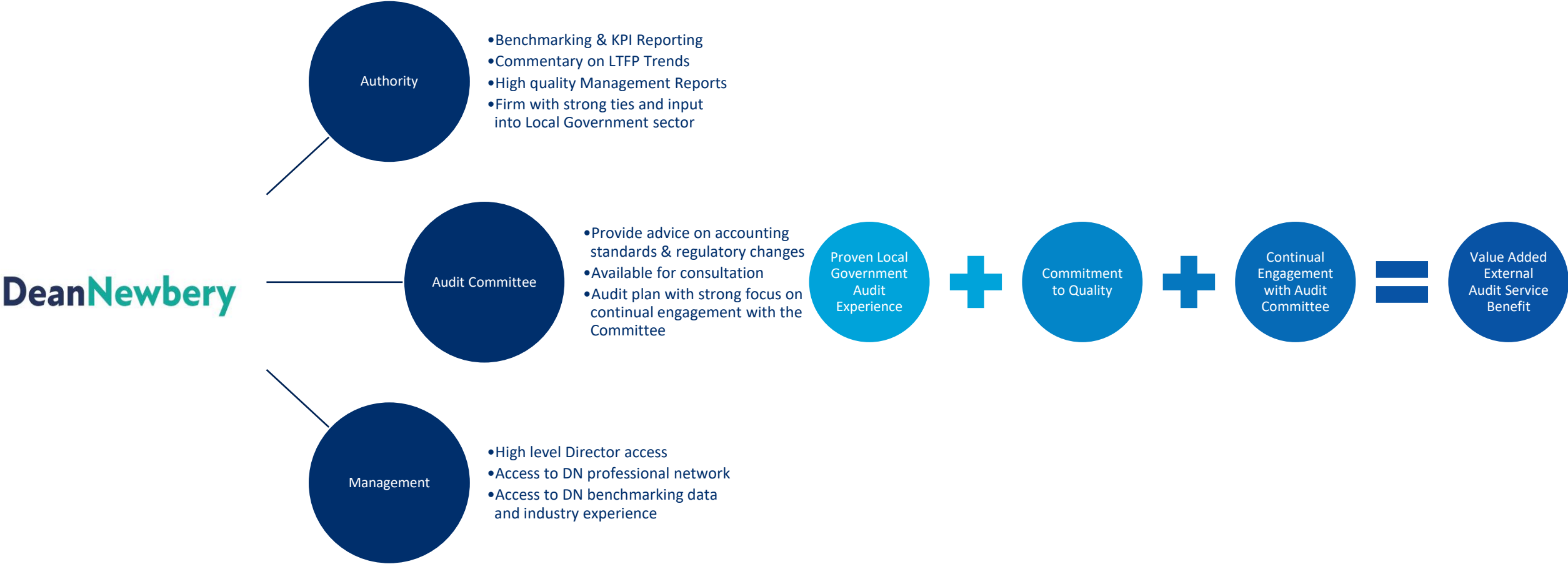


Key tasks to be performed as part of the proposed transition plan are as follows:

- Obtain ethical clearance from previous external auditor in accordance with Auditing Standards.
- Undertake preliminary interviews with key personnel, including the Presiding Member of the Audit Committee, to provide input into the development of the Audit Plan.
- Provide the Administration a Risk Questionnaire document to provide responses to specific internal control and risk queries raised as part of the audit.
- Identify any previous audit matters raised and gain an understanding whether any issues remain unresolved that need to be factored in the Audit Plan.
- Review prior financial year working papers to substantiate opening balances in the Authority’s Balance Sheet for the financial year (including for the carrying forward budget items).

Given our Local Government audit and advisory services experience, we are well placed to assist our clients in providing high value, constructive commentary and assistance on financial management and general industry matters.

Examples of areas we are able to offer a high, value-added service are in the following areas:



Proposed Engagement Team – Key Members

Item 7.7 Attachment 2

Samantha Creten

Director / Lead Auditor

- B. Accountancy
- Fellow Chartered Accountant
- Registered Tax Agent
- Registered Company Auditor – (Registered Auditor Number: 222601)
- Justice of the Peace (JP)



Samantha has over twenty five years' statutory audit and commercial taxation experience. Samantha has been a Partner/Director of DN since 2002 and has an extensive knowledge of technical Accounting Standards issues and performing audits in full compliance with the requirements under the *Local Government Act 1999*, the *Corporations Act 2001* and Australian Auditing Standards.

Samantha has broad experience in servicing clients both in audit and taxation services across a wide range of industries which span across local government, aged care, automotive, importers and exporters, civil construction and not-for-profit entities.

Samantha has previously held the role as Lead Auditor of the Authority and can draw on this valuable experience to deliver high-quality, value-added audit services from the commencement of the audit given she has a strong appreciation of the existing operating environment.

Samantha has experience as the Lead Auditor of other Councils such as the City of Burnside, Mitcham, Holdfast Bay, Onkaparinga, Port Lincoln, Unley, Whyalla and Salisbury as well as Subsidiary entities such as the Highbury Landfill Authority, Brown Hill Keswick Creeks Stormwater Authority and Centennial Park Cemetery Authority ensures she has the relevant experience and appreciation of the quality and work required to be undertaken.

Proposed Engagement Team – Key Members

Item 7.7 Attachment 2

Whitney Sandow

Engagement Manager

- B. Commerce
- Chartered Accountant (study currently underway)



Whitney has audit experience in the areas of Local Government, ACNC, aged care, not for-profit and private entities. She is well versed in Local Government audit programs used by DN which ensures that audits are performed at a consistent high standard. Whitney has been involved in the audit of Local Government council's internal controls as required by the *Local Government Act 1999*.

In particular, Whitney has strong knowledge of Local Government compliance obligations which she applies to the internal control review and substantive audit testing procedures. Whitney also has a wide range of experience in dealing with a variety of ICT systems used within Local Government and is able to draw on this experience to identify best practice solutions to sometimes complex issues when compiling audit recommendations within our Management Reports issued.

Whitney specialises in the review of internal controls to ensure they are audited in accordance with the *Local Government Act 1999*. She has been involved in the development of a number of Local Government audit programs used by DN and has a strong client focus to assisting with audit issues and queries when they arise.

Proposed Engagement Team – Key Members

Item 7.7 Attachment 2

John Jovicevic

Director

- B. Commerce
- Chartered Accountant
- Certified Practicing Accountant
- GradCertIA
- Professional Member Institute of Internal Auditors (PMIIA)
- Registered Tax Agent
- Member South Australian Local Government Financial Management Group



John is a Local Government Audit Director and his role on the engagement team is to assist in overseeing the audit field work component and to oversee quality assurance services on the performance of the engagement. John has been at DN for over 18 years and has extensive experience undertaking the external audit of South Australian Local Government.

John's role on the engagement is to provide ongoing support to the audit team and to undertake quality reviews of the audit field work to ensure that the work is being performed to required standards and milestones are being met as agreed with the Authority.

He has a particular interest and focus on asset management practices and overseeing the correct application of the Australian Accounting Standards to valuations and asset management transactions. John's experience goes beyond his audit skills and provides a wide variety of advisory services to his Local Government clients in the areas of accounting support, Section 48 Prudential Reviews, governance and probity reviews, internal audits and general consulting services.

John's Local Government experience spans across a number of different clients including City of Burnside, East Waste, Eastern Health Authority, City of Onkaparinga, City of Mitcham, City of Norwood, Payneham & St Peters, Yorke Peninsula Council, Town of Gawler, City of Port Lincoln and Copper Coast Council.

Proposed Audit Fee Estimate

We have developed our proposed audit fee based upon our prior experience and our knowledge of the time and resources required to appropriately undertake the audit of a similar entity in accordance with the regulatory and legislative requirements, whilst continuing to deliver a balance of quality and value of service.

Based on our estimated hours to complete the overall audit, our fixed fee to undertake the 2023/24 financial year audit of the Authority is \$8,800 (GST Inclusive).

Our audit fee has been based on the following estimated allocation of hours to be spent on the audit by each team member:

Engagement Team Member	Standard Hourly Rate \$/p Hour (GST Excl.)	Discounted Hourly Rate \$/p Hour (GST Excl.)	Estimated Hours	Estimated Audit Fee (\$)
Lead Audit Director	350	250	3	750
Audit Director	350	250	4	1,000
Engagement Manager	250	180	16	2,880
Audit Officer	200	150	23	3,420
Total			46	8,000
GST				800
Total Estimated Audit Fee				8,800

Key Assumptions relating to the audit fee:

- The fee includes the attendance of a Director to an annual meeting with the Audit Committee.
- Includes all administration costs.
- Includes the audit of the annual Actual Wages Declaration as required for insurance purposes.
- Should any fees be incurred for obtaining external bank confirmations, this will be charged back to the Authority at cost on the completion of the annual audit.
- For future years, fees are proposed to be increased by 3.5% or Adelaide CPI as at June of each year (whichever is higher) to reflect the estimated future labour, insurance and other operating cost increases.
- Should the Authority undertake an update to any key corporate systems which would require additional work to be undertaken, we will communicate this as part of the audit planning process and confirm any changes to the annual fee (should this apply).

DN confirms that it currently hold Public Liability insurance cover totaling \$20 million and Professional Indemnity insurance cover of \$5 million which it will maintain throughout the term of the engagement.

Referees

As requested, we have provided the details of two referees where similar work has been performed:

- Client:**
Contact Person:
Contact Details:

Adelaide Hills Region Waste Management Authority
Leah Maxwell
8532 6385 / l.maxwell@ahrwma.com
- Client:**
Contact Person:
Contact Details:

Brown Hill and Keswick Creeks Stormwater Board
Peta Mantzarapis
0412 560 972 / peta.mantzarapis@bhkcstormwater.com.au

Disclaimer:

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Dean Newbery

ABN 48 007 865 081

Liability limited by a scheme approved under Professional Standards Legislation

Quotation for the Provision of External Audit Services

Financial Years: 2023/2024 to 2025/2026

Eastern Health Authority



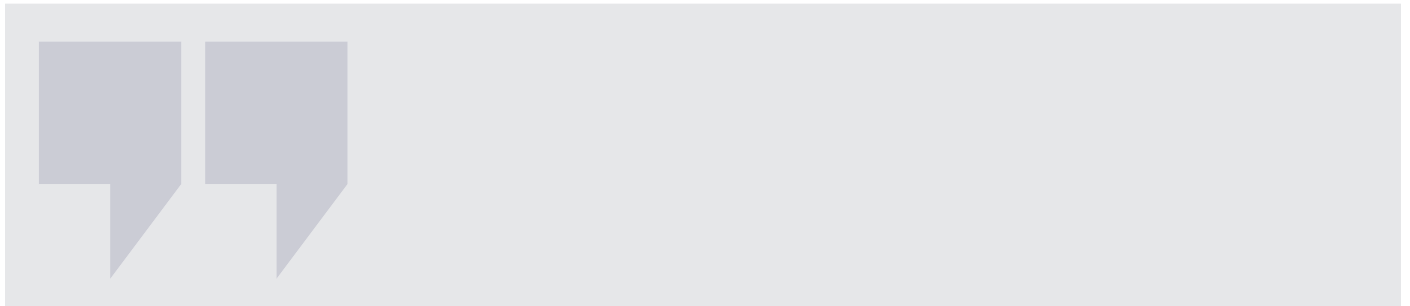
Local Expertise : Real Access



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Executive summary



Why choose Galpins?

Galpins is a wholly-owned and managed South Australian audit and accounting firm.

We provide a dedicated, professional and collaborative team that we believe will provide significant value for the Eastern Health Authority.

We will build an understanding of your strategy, financial objectives, culture and current affairs via a structured auditor transition plan. We will utilise our understanding of the key financial risks and issues facing Local Government and couple that with the understanding we develop of your Authority in order to deliver a personalised value adding audit service.

We believe that when considered as a whole, the key benefits that Galpins offers, as detailed throughout our proposal, strongly distinguish our capabilities to deliver value and insight for the Eastern Health Authority.

Deep Local Government experience and proven ability to deliver

As auditors and consultants to numerous South Australian Local Government Authorities and subsidiaries, through our leadership role in the SA Local Government Auditors' Group (SALGAG), and as members of Local Government Audit Committees, we understand the local government, legislative and regulatory environment intimately.

We have worked in the Local Government sector in South Australia for more than 30 years, and have built strong relationships with all key oversight and regulatory authorities, including the SA Auditor-General and SA Local Government Association (LGASA). Our substantial knowledge of Local Government legislative and regulatory frameworks ensures we will always provide your Authority with appropriate and considered advice.

Our experience in industry sector roles, combined with our extensive external audit client work, provides our team with the ability to share best practice thinking and business insights with management and staff in your Authority. This will assist the Eastern Health Authority to continue to develop financial processes, internal controls and accounting practices, and contribute to improved operational efficiency and effectiveness.

Executive summary

Working with over 20 Councils and Authorities across Adelaide and regional South Australia, our experience is extensive with our Audit and Assurance team consisting of some of the state’s leading practitioners in the delivery of Local Government audit and internal controls engagements. This has seen Galpins being appointed to a number of new external audit contracts in recent years. Galpins has been appointed as external auditors to one of the largest Councils in South Australia, the City of Playford, and inner metropolitan councils, the City of Prospect, Campbelltown City Council, the City of Unley and the Adelaide Hills Council.

We have a proven ability to deliver high quality audit engagements and practical recommendations across Local Government and we will do the same for the Eastern Health Authority.

Genuine value and quality

We offer genuine value and quality.

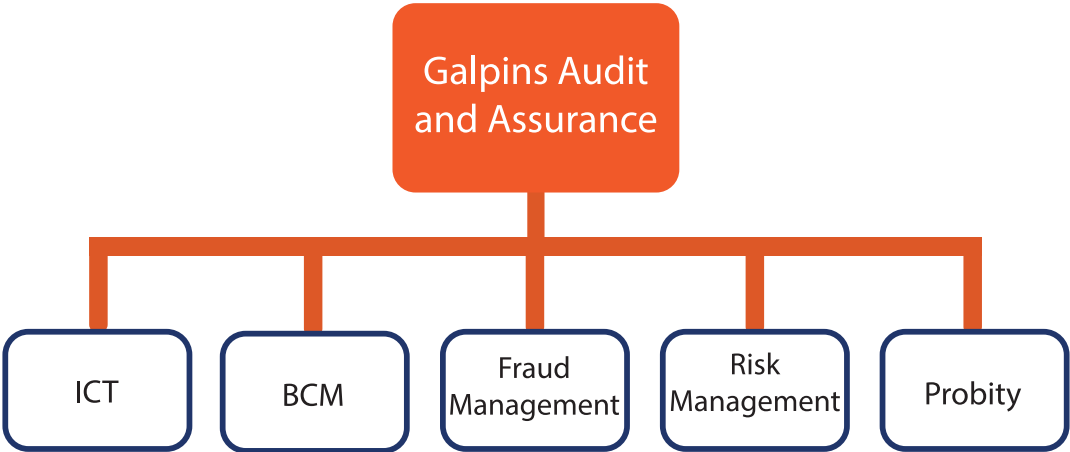
Our Audit and Assurance team is structured to provide you with a high degree of experience and commitment to your Authority underpinned by a high level of personal involvement and responsibility.

The Engagement Partner, Tim Muhlhausler and Audit Director, Juliano Freitas will oversee the conduct of all audit activities to ensure the timely delivery and quality of our work. The Engagement Partner, who will also work on the audit, will act as a hands-on liaison for the Authority. They will be supported by a team of auditors highly experienced in conducting audits in Local Government.

We pride ourselves on providing practical recommendations that consider the resources of the Authority, ensuring resources are used efficiently to create an internal control environment that is effective and agile.

Our team, specifically the Engagement Partner and Audit Director, will be directly and consistently available to your staff and management. We will respond to your queries and questions with maximum promptness, always keep you informed of industry trends and developments, and pro-actively advise you of relevant audit issues.

To enhance and complement our existing Audit and Assurance team, Galpins has subject matter experts in the areas of ICT and ICT Security, Business Continuity Management (BCM), fraud management, risk management and probity.



Subject Matter Experts

Details of **our firm**



Your Galpins Audit Team: (from top left) Tim Muhlhausler, Luke Williams
Juliano Freitas, Harry Mlaco

As a wholly-owned and managed South Australian firm dating back to 1937, we care deeply about what happens in South Australia.

We understand the vital role that Local Government plays in meeting community needs and see our relationship with the sector as a partnership. We are proud to contribute to the Local Government sector and to its ongoing delivery of essential services to the community.

Galpins provides a comprehensive range of services including audit, taxation, accounting and business services, and financial planning and superannuation services to meet our clients' complete financial needs.

Our audit, assurance and consulting services are provided to a wide range of clients including State and Local Government agencies and authorities, aged care providers, educational institutions, the not-for-profit sector, superannuation funds and companies.

Our Audit and Assurance department consists of three partners supported by over 20 audit professionals based in Adelaide and Mount Gambier. We are a preferred supplier to the South Australian Government for the provision of Audit and Financial Advisory Services. Originally appointed in 2007, Galpins is consistently one of the largest providers of services under this contract and is the primary contract auditor for SA Health through the SA Auditor General's Department.

Local government expertise

Relevant Experience

Our audit assurance and consulting services have been provided to the Local Government sector for more than 30 years. Our Audit and Assurance team is highly skilled in the provision of audit services, financial reporting and governance to Local Government Authorities and subsidiaries.

We have a high level of knowledge and experience with the financial reporting and internal control frameworks relevant to Local Government, and specific reporting and audit requirements of financial statements, internal controls, grant acquittals and sundry compliance requirements. We have provided audit services to many councils including:

External Audit

- City of Norwood, Payneham & St Peters
- City of Port Adelaide Enfield
- Adelaide Hills Council
- Adelaide Plains Council
- Alexandrina Council
- Campbelltown City Council
- City of Charles Sturt
- City of Mount Gambier
- City of Prospect
- City of Playford
- City of Unley
- District Council of Barunga West
- District Council of Ceduna
- District Council of Yankalilla
- City of Marion
- District Council of Grant
- District Council of Peterborough
- District Council of Robe
- Kangaroo Island Council
- Kingston District Council
- Naracoorte Lucindale Council
- Port Augusta City Council
- Port Pirie Regional Council
- Southern Mallee District Council
- Tatiara District Council
- Town of Gawler
- The Barossa Council

Internal Audit

- City of Burnside
- City of Holdfast Bay
- City of Onkaparinga
- City of Playford
- City of West Torrens
- Coorong District Council
- Council of Roxby Downs
- City of Salisbury

Leadership in Local Government

Through our leadership roles within the SA Local Government Auditors' Group (SALGAG) and the Institute of Internal Auditors (IIA), we are able to provide direct insights to the Councils in relation to accounting and auditing developments in Local Government. Our leadership roles enable us to provide thought leadership to the Councils from a national perspective through our consultation with key stakeholders in related local government industry associations situated nationally.

Through our role in setting the agenda for meetings and preparing submissions on behalf of SALGAG, we can ensure that any critical matters identified by the Councils are considered at the Auditors' Group. Our Local Government team also played a leading role in the recent feasibility study into the development of a broad Better Practice Model for non-financial controls.

Galpins involvement includes leadership roles in SALGAG and IIA and undertaking studies for LGASA and SALGFMG.



Local government **expertise**

Specialist Advice and Value Added Services for Local Government

We have undertaken a significant number of projects to provide specialist advice and value added services to Local Government.

These are summarised below and include:

- Detailed reviews of financial accounting system efficiency
- Internal control and corporate governance reviews
- s48 Prudential reviews
- Training in financial statement interpretation
- Consulting on the application of internal audit functions
- Development and implementation of the internal controls audit approach
- Providing detailed reports on the impact of new and revised accounting standards
- Risk workshops
- CWMS costings
- Assurance mapping.



Our team



Tim Muhlhauser

Lead Engagement Partner

Qualifications and Memberships:

- Bachelor of Commerce
- Graduate Diploma (CAANZ)
- Member, CAANZ
- Member, Institute of Internal Auditors
- Registered Company Auditor
- Registered SMSF Auditor

Roles and responsibilities

Tim is a Chartered Accountant and Partner with Galpins. He brings nearly 20 years' experience in the provision of external audit, internal audit and consulting services to a wide range of organisations in the government, not-for-profit and commerce sectors.

Tim has primary responsibility for a large number of Local Government audit clients, bringing expert advice and broad Local Government experience to issues and challenges facing councils. He has conducted and managed a wide range of value-added services for Local Government, including governance and prudential reviews and accounting standard interpretations. He leads the annual auditor reviews of the SA Model Financial Statements and the Better Practice Model (Financial Internal Controls).

Tim also has involvement in the following roles:

- Chair of the SA Local Government Auditors' Group (SALGAG)
- Presiding Member of the Audit Committees of City of Mitcham, Berri Barmera Council, Renmark Paringa Council, District Council of Loxton Waikerie and District Council of Karoonda East Murray
- Working party member for the latest update to CPA Australia's Public Sector Guide to Valuation and Depreciation
- Tim assisted IPWEA in the development of the International Infrastructure Financial Management Guidelines, released in 2020.

Tim has significant experience as signing partner for external audits of SA Councils including City of Marion, City of Port Adelaide Enfield, City of Charles Sturt, City of Norwood, Payheham & St Peters, City of Unley, Campbelltown City Council, Adelaide Hills Council, Port Augusta City Council, Southern Region Waste Resource Authority (SRWRA), and Northern Adelaide Waste Management Authority (NAWMA).

Tim works extensively with the State Government sector and the Auditor-General's Department, including delivering the audit of infrastructure, major plant, land and buildings for SA Health.

Tim has overseen and delivered numerous internal audits for SA councils including Cities of Onkaparinga, Salisbury, Playford, Tea Tree Gully, West Torrens, Burnside and Holdfast Bay. These audits have covered a broad range of scopes addressing the major local government strategic and operational risks.

Our team



Luke Williams

Quality Review Partner

Qualifications and Memberships:

- Bachelor of Commerce
- Registered SMSF Auditor
- Registered Company Auditor
- Member, Institute of Internal Auditors (Aust)
- Member, CPA Australia
- Member, CAANZ

Roles and responsibilities

Luke offers a substantial background in Local Government and public sector accounting, audit and risk management through his work on a diverse range of Local, State and Commonwealth Government audits and associated entities. He has been a partner at Galpins for 8 years after working for 5 years as an Audit Manager.

Luke has extensive experience with local government. He is currently an independent member of the Audit Committee for the Rural City of Murray Bridge. He has significant experience as manager and/or signing partner for external audits of SA Councils and subsidiaries including The Corporation of the Town of Walkerville, The Rural City of Murray Bridge, Barunga West Council, District Council of Wattle Range, Tatiara District Council, Kingston District Council, Northern Adelaide Waste Management Authority and Southern Region Waste Resource Authority. He has also provided internal audit services to the City of West Torrens, and conducted prudential reviews under section 48 of the Local Government Act.

Luke is an active member of the SA Local Government Auditors' Group (SALGAG) and works closely with Tim Muhlhausler – Chair of SALGAG in setting the agenda for Local Government audit issues in South Australia.

Luke's major State Government clients include the Department of Health, Auditor-General's Department, Department for Environment, Water and Natural Resources, Return to Work SA and Courts Administration Authority. Luke has also been the lead audit partner for Regional Development Australia Limestone Coast and Yorke and Mid North.

Luke has managed numerous internal audit engagements and worked as a contract Internal Auditor for the Department of Environment, Water and Natural Resources. He has extensive experience in the implementation of risk management strategies and reporting through the provision of audit services and special projects to a number of clients, including in the Local Government sector.

Our team



Juliano Freitas

Audit Director

Qualifications and Memberships:

- Bachelor of Accounting
- Graduate Diploma (CAANZ)
- Member, CAANZ
- Registered Company Auditor

Roles and responsibilities

Juliano is a Chartered Accountant and Audit Director with Galpins with over 15 years' experience in external audit, internal audit and audit related services. Juliano leads the development of audit and assurance programs at Galpins and is an expert on accounting and auditing standard interpretations.

Juliano initially trained with KPMG as an Assistant Audit Manager before joining Galpins as an Audit Manager in 2010.

He is the lead director for the delivery of audit services to State and Local Government clients at Galpins and was key to developing the audit methodology applied by Galpins for internal controls to meet the requirements of the Local Government Act.

Juliano also provides a broad range of internal audit services to Local Government. This has included the City of Tea Tree Gully, City of West Torrens, City of Playford, City of Burnside, City of Salisbury and City of Onkaparinga.

Relevant Example Work Experience / Projects

SA Councils - Various

External Audit - Juliano leads the management and delivery of external audit services at numerous Councils and Local Government bodies across Adelaide and regional South Australia. These have included the City of Marion, City of Port Adelaide Enfield, City of Norwood Payneham & St Peters, City of Charles Sturt, City of Playford, City of Unley, City of Prospect, Campbelltown City Council, Adelaide Hills Council, City of Victor Harbor, Rural City of Murray Bridge, Port Augusta City Council, Clare & Gilbert Valleys Council, and the Southern Region Waste Resource Authority (SRWRA).

Auditor-General's Department

Juliano has worked closely with the Auditor-General's Department (AGD) in the past years. Juliano has recently developed an asset management audit plan for the department. He has also executed the plan he developed while he was on a secondment at the AGD performing external audit services for the Department of Planning, Transport and Infrastructure (DPTI). Juliano has been responsible for auditing DPTI's roads, bridges and rail asset management practices.

Juliano has also assisted the AGD designing detailed external audit plans for the audit of the Adelaide Cemeteries Authority, TAFE SA, Construction Industry Training Board and the Environment Protection Authority (EPA). Juliano is currently the audit director for the provision of external audit services of Women's and Children's Hospital and Country Health SA, and he also managed audit services for SA Ambulance Service.

Our team



Harry Mlaco

Audit Manager

Qualifications and Memberships:

- Bachelor of Commerce
- Member, CAANZ

Roles and responsibilities

Harry is a fully qualified Chartered Accountant and has assisted in conducting audits for major clients including Councils and SA Health. He has taken a particular interest in the Local Government sector and external audit and assurance.

Harry has developed a strong understanding of the main business cycles and internal controls in local government entities. He has been responsible for gathering appropriate audit evidence to form our controls opinion for councils based on the principles underpinning the Better Practice Model, and has been responsible for performing substantive procedures for all major account balances and note disclosures applicable to local government.

Relevant Example Work Experience / Projects

SA Councils - Various

External Audit - Harry has been involved in numerous Council external audits including City of Marion, City of Port Adelaide Enfield, City of Charles Sturt, City of Prospect, City of Victor Harbor, Port Augusta City Council, Flinders Ranges Council, District Council of Barunga West, Port Pirie Regional Council, District Council of Ceduna, District Council of Mount Remarkable and Light Regional Council. He has been responsible for completion of audit work through to manager/partner review level for business cycles including property, plant and equipment, cash/investments/loans, rates/receivables and expenses/payables.

Onkaparinga Council

Internal Audit - Harry worked on a project to audit the Council's internal controls, involving documenting the nature of more than 250 internal controls through discussion with individual Council teams, and including discussions on the implications of moving to new financial systems.

City of Playford

Internal Audit - Harry assisted with a data mining project analysing payroll and accounts payable data to identify indicators of potential fraudulent activity, misconduct, errors or control deficiencies. Investigation of higher risk transactions was also undertaken.

SA Health and Health Advisory Councils

External Audit - As part of Galpins' appointment to audit several components of SA Health on behalf of the Auditor-General (Country Health SA, SA Ambulance Service, Women's and Children's Hospital), Harry has been part of teams assessing the controls in place for cash, grants, payroll, revenue and accounts payable. This involved assessing policies and procedures in place for numerous regional hospitals and health centres, and conducting walkthroughs to understand and analyse controls.

South Australian National Football League

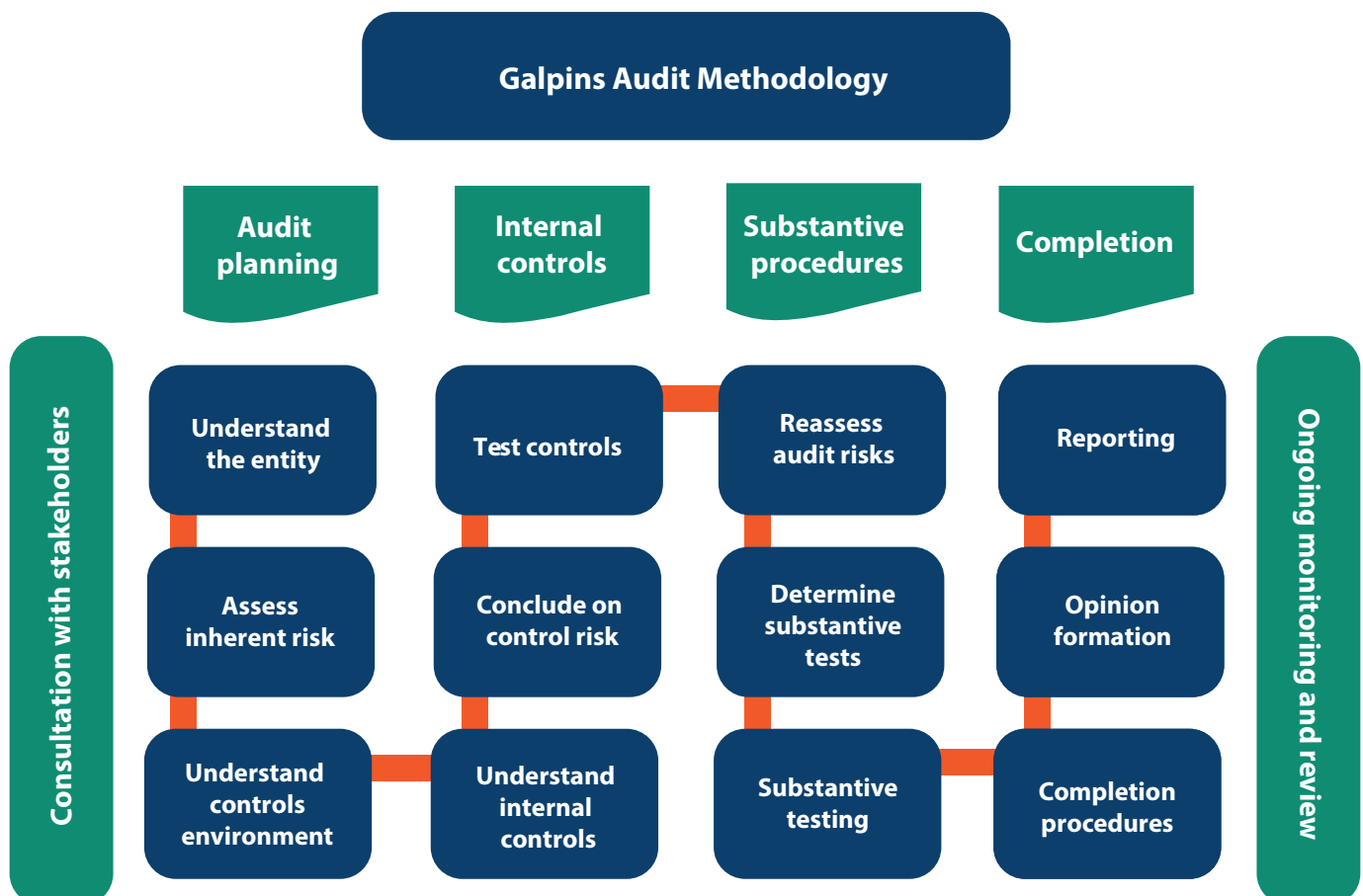
Consulting - Harry undertakes the registrar role for the SANFL for a number of regions across the state. As part of this role he is responsible for assisting and providing advice to regional and metropolitan football clubs on their player payments and contracting processes. He is also required to act as an intermediary between the SANFL and clubs to clarify issues and to collate player payment and contractual information for regulatory reporting.

Audit methodology

Galpins will conduct its financial statement audit in accordance with the requirements of the Local Government Act 1999, the Local Government (Financial Management) Regulations 2011, Australian Auditing Standards and Auditing Guidance Statements adopted from time to time by CPA Australia and Chartered Accountants Australia New Zealand.

Galpins conducts its internal control audits in accordance with the requirements of the Standard on Assurance Engagements; ASAE 3150 - Assurance Engagements on Controls and ASAE 3000 - Engagements other than Audits or Reviews of Historical Financial Information, issued by the Auditing and Assurance Standards Board. We utilise the principles outlined in the Better Practice Model - Financial Internal Control for South Australian Councils issued by the Local Government Association of SA. We also place high regard to international leading practice models including the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control - Integrated Framework.

Our Audit Methodology is a risk based methodology consisting of four main stages – Audit Planning, Internal Controls, Substantive Procedures and Completion. Further detail regarding these stages is provided below. The stages are managed in an environment of ongoing monitoring and review and consultation with stakeholders.

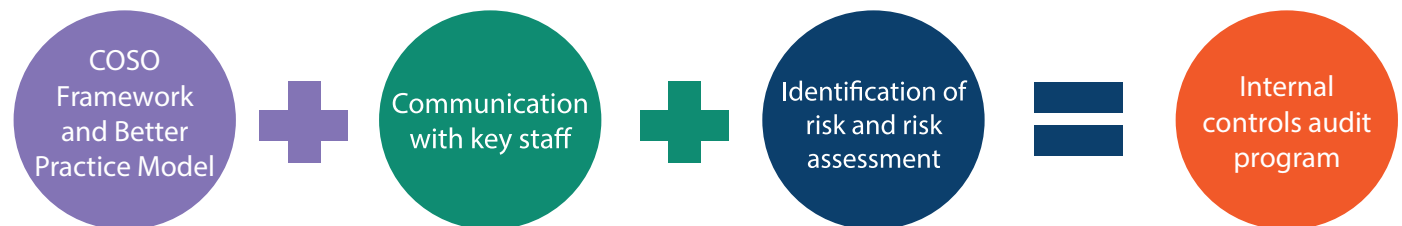


Audit methodology

Audit Planning - Financial Statements



Audit Planning - Internal Controls



The objective of the audit planning stage is to develop a greater understanding of the Authority and its unique characteristics and requirements, allowing us to tailor our audit approach accordingly.

We research and document the Authority's strategy, business plans, organisational structure, past financial performance, Long Term Financial Plan (LTFP), financial indicators, regulatory environment, legislative responsibilities, financial reporting environment and internal governance arrangements.

Based on the understanding of the Authority that we build, we rank the risks of material misstatement, internal control failure, fraud and non-compliance with legislation. Materiality for the engagement is determined for the financial statements as a whole, for the risk of control failure, for individually significant items and a threshold for clearly trivial differences is also established.

The overall audit strategy is then developed and audit procedures defined to achieve an efficient and effective audit approach to mitigate identified risks.

Audit methodology

Internal Controls



We obtain an understanding of the internal controls relevant to the financial statements, and those most important for the efficient and effective financial management of the Authority, and perform tests of design and effectiveness for these controls.

Based on the results of the control testing, we then assess the risks of material misstatement and design further audit procedures to reduce risk where necessary.

Any identified deficiencies, compliance issues or areas for improvement are communicated to the client.

Our audit testing measures the presence, effectiveness and integration of the internal control components in order to assess the likelihood of the Authority achieving the operational, reporting and compliance objectives applicable to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities.

We work closely with management and process owners when performing audit testing.



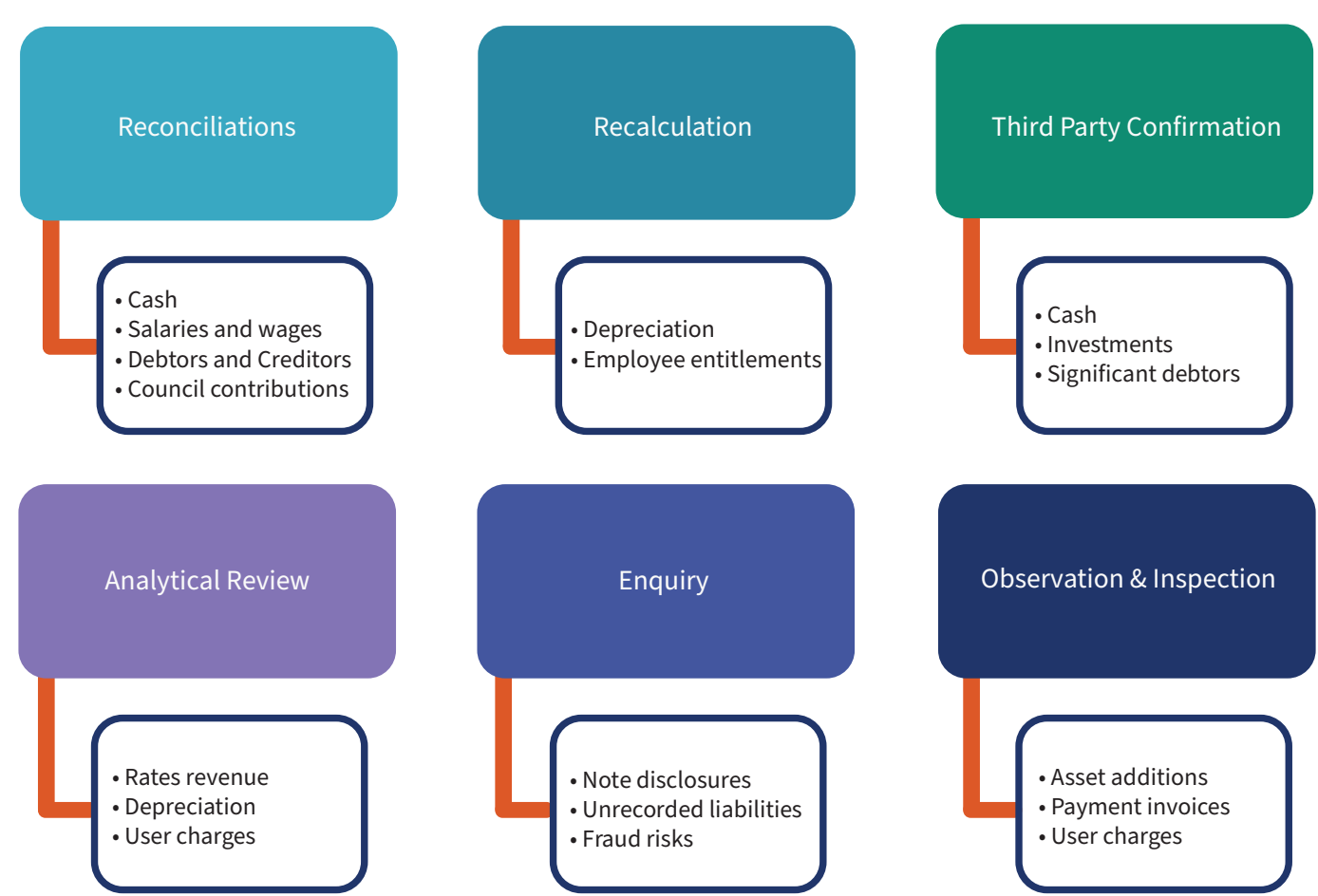
Source: Internal Control Integrated Framework, COSO (2013)

Audit methodology

Substantive Procedures

From our risk analysis and results of control testing, we are able to design and refine appropriate substantive procedures, including analytical review and test of details, to address identified risks.

Testing methods applied to account balances and transactions include:



The results of substantive testing performed during the interim audit visit are evaluated to determine the extent to which risks have been addressed. Following discussions with management, our findings are communicated to the Authority by way of a management letter.

The internal control environment is re-evaluated prior to the final audit to consider any changes made since the interim audit, and final substantive procedures are carried out to enable us to develop a final assessment of the risk of material misstatement.

Audit methodology

Completion

The completion stage consolidates the audit work performed during the previous stages. We evaluate the results of audit testing and prepare reports and action plans to be communicated to the Authority. Prior to finalisation, we determine management's response to our findings and recommendations for consideration in forming our opinion.

Based on our final assessment of the risk of material misstatement, we issue our audit opinions regarding the financial internal controls and presentation of the financial statements.



Audit methodology

Consultation with Stakeholders and Ongoing Monitoring Review



The stages are managed in an environment of ongoing monitoring and review and consultation with stakeholders.

Communication with the Authority is important to Galpins. Keeping the Authority informed and aware of our audit procedures and findings is important to forming a strong working relationship with you. We intend to be proactive with our communication strategy and will communicate with you regularly on a formal and informal basis.

Audit Software

Galpins utilises the audit software “Caseware” to manage all audit and assurance engagements electronically in a “less paper” environment. The software provides the platform into which we have incorporated the Galpins Audit Methodology in a structured electronic environment.

Caseware assists us to apply a statistical basis for determining audit samples in order to obtain reliable audit evidence and helps us to ensure compliance with our quality assurance policies.

Audit management letters and opinions

In addition to the auditor's reports containing our controls opinion and our opinion on the financial statements, we provide three other reports detailing audit matters to be communicated to the audit committee and the CEO as our audit progresses. The following is a summary of the content of these additional value-adding reports:

Interim Management Letter

- The extent to which the internal control environment has been assessed and any material weaknesses observed in the control environment, based on the application of relevant auditing standards and the Better Practice Model;
- An overall review of the Authority's internal controls;
- An overview of the key internal controls selected for audit and expected to be in place and implemented by the Authority;
- Details of our findings, including a description of the findings, any risk not being adequately addressed as per the Better Practice Model, the applicable controls tested, our recommended corrective actions and management responses;
- Follow up on the outcome of any remedial action taken by the Authority as a result of previous reports with special attention to situations where the remedial action is not adequate, including the failure to implement remedial action;
- Details of any breach or non-compliance.

Final Management Letter

- Any findings to be communicated after the application of our final substantive procedures related to the period from the date of our interim audit to the end of the financial year;
- Details of our findings, including a description of the findings, any risk not being adequately addressed as per the Better Practice Model, the applicable controls tested, our recommended corrective actions and management responses;
- Follow up on the outcome of any remedial action taken by the Authority as a result of previous reports with special attention to situations where the remedial action is not adequate, including the failure to implement remedial action;
- Any breach or non-compliance with relevant legislation of Authority policies, including any remedial action proposed or adopted by management.

Final Close Out Report

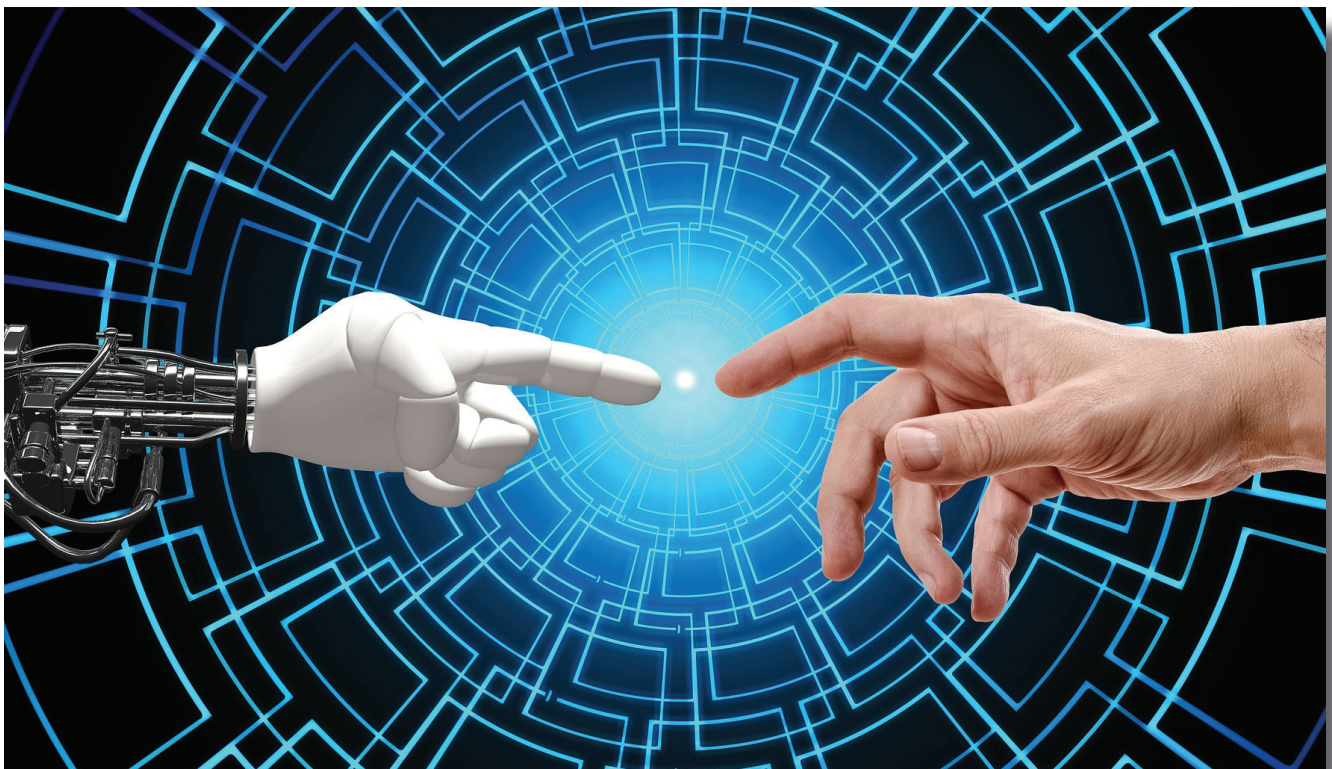
- An overview of the results of the interim and final audit that provided the basis for our auditor's opinion;
- Summary of key audit activities performed during the interim and the final audit;
- Details of significant matters and areas of focus addressed during the interim and the final audit;
- Audit procedures performed to address significant matters and areas of focus identified during the interim and the final audit (e.g. procedures adopted to conclude as to appropriateness of the valuation and depreciation methodologies being used in respect of all infrastructure and other fixed assets)
- Explanation of significant variances including any significant adverse trends in the financial performance, financial position or financial management practices;
- Any issues in relation to the application of accounting standards and accounting policies adopted by the Authority.

Artificial **Intelligence** assisted audit

At Galpins, we are always looking for ways to add value for our clients by improving the way we conduct our audits and service our clients. Our latest project is to make a significant investment in Artificial Intelligence assisted audit.

This cutting-edge technology provides next-generation data analytics overlayed with natural language processing and machine learning to perform advanced analytics over 100% of financial transactions, providing a greater level of assurance and audit coverage than ever before.

The use of AI doesn't change the fundamentals of our methodology or replace the tried and tested audit techniques we have always used – it simply enhances them. The software identifies and scrutinises transactions based on risk against 28 different risk criteria, allowing the auditor to focus audit effort on an intelligent sample through a risk-based model. This comprehensive and intelligent analysis leads to more effective audit planning, more targeted audit testing, and a deeper level of insights.



Audit time table

The following is an indicative time table for the audit. Actual audit dates will be negotiated with the Authority to ensure that dates are suitable.

Key steps in process	Target timeframe to conduct work
Initial Meeting <ul style="list-style-type: none"> Initial discussion with key staff 	Within one month of commencement date
Engagement Letter	On contract execution
Audit Plan Development <ul style="list-style-type: none"> Analyse and review key documentation Understand critical control systems and processes Understand risk review Develop audit plan 	January
Audit transition plan <ul style="list-style-type: none"> Offsite research Examine previous auditor's workings Meetings with key Authority stakeholders as required 	January
Interim Site Visit <ul style="list-style-type: none"> internal controls and risk management evaluation and testing tests of details 	April / May
Management Letter <ul style="list-style-type: none"> findings on control issues and report on topics relating to controls opinion findings on tests of details recommendations for better practice 	May
Final Audit Site Visit <ul style="list-style-type: none"> completion of controls testing completion of tests of details focus on balance sheet items and financial statement disclosures 	July
Final Review and Responses <ul style="list-style-type: none"> conduct analysis of audit field work liaise with management 	August
Attendance at Audit Committee Statutory sign-offs Audit Reports	August

Hours and fees

Our fees for the financial statement audit engagement for the year 2023-24 are as follows:

	Partner	Quality Review	Audit Director	Manager	Total
	<i>Tim Muhlhausler</i>	<i>Luke Williams</i>	<i>Juliano Freitas</i>	<i>Harry Mlaco</i>	
Total Hours	3	1	24	24	52
Hourly rate	\$280	\$280	\$240	\$170	
Amount	\$840	\$280	\$5,760	\$4,080	\$10,960
Discount					(\$1,160)
Audit Fee for 2023-24					\$9,800
GST					\$980
Audit Fee including GST					\$10,780

Audit fee for the contract period:	Audit Fee	GST	Total including GST
2023-24	\$9,800	\$980	\$10,780
2024-25	\$10,300	\$1,030	\$11,330
2025-26	\$10,800	\$1,080	\$11,880
Total	\$30,900	\$3,090	\$33,990

Hours and fees

We estimate the financial statement audit will require approximately 52 hours to complete. The total hours estimate includes planning activities conducted in our office, on site audit visits, and review activities.

Miscellaneous audits such as acquittals of existing grant funds and various statutory requirements and returns are included in the audit fee. If the quantity or scope of such work increases significantly, we may need to negotiate an additional fee.

The quoted fee includes such incidental assistance as may be reasonably required to complete the financial statements. Such assistance would need to be of a reasonable level, the fee could not be expected to cover major accounting work, reconciliations and preparing working papers for audit.

In the event that the client is unprepared for the audit, an additional fee may be required.

A detailed communication of our requirements and expectations will be provided to the Authority so that the need for any fee variations is avoided, or communicated in a timely manner where required.

Any future statutory changes or unanticipated changes to auditing standards resulting in increases in work load may result in renegotiation of the fee with the Authority.

Fees for Additional Services

Additional audit related services outside the scope of the general audit contract may be requested by the Authority from time to time. In the event that it is appropriate for us to provide these services, and auditor independence and statutory requirements are not breached, we will negotiate a rate at that time. Indicative rates for 2019-20 are as follows (exclusive of GST):

Partner	\$280
Director	\$240
Manager	\$170

Billing Arrangements

We will bill progressively on the basis of work completed as follows:

- On completion of final audit field work; and
- On provision of the audit opinions.

Galpins is proudly a **certified** **CARBON NEUTRAL** organisation

We are committed to making a positive impact on our environment and taking responsibility for our carbon footprint. By achieving this certification with Climate Active Australia, we are taking a significant step towards a more sustainable future.



Through assessment and offsetting efforts, we've successfully reduced our operational carbon emissions. To achieve this, we have implemented sustainable practices, embraced renewable energy, and made conscious choices to minimise waste. And true to our values of supporting South Australia, we choose to offset our emissions by funding local SA projects wherever possible.

We believe that every business has a role to play in building a greener world. By becoming carbon neutral, we are taking proactive measures to mitigate climate change and preserve our beautiful planet for future generations.

Working with Galpins contributes to a greener future. By choosing us, you're aligning yourself with an organisation dedicated to environmental responsibility.



Our **Environmental Policy and Practice**

As a firm, we believe strongly in promoting sustainability and environmental awareness at all levels of our organisation.

We are committed to reducing our environmental impact and continually improving our environmental performance, as an integral element of our business strategy and operating methods.

It is our priority to encourage our clients, suppliers and all business associates to do the same. Not only does this represent sound commercial practice, it is also about delivering on our duty of care towards future generations.

Examples of our firm's specific environmental initiatives include, but are not limited to:

- Maintaining independently audited carbon neutral status.
- Minimising waste – including reusing or recycling materials as much as possible and encouraging our employees to make use of our extensive recycling programs (including batteries, coffee pods, polystyrene and printer waste in addition to standard 'yellow bin' recycling).
- Reducing energy and water usage in our buildings, including use of solar technologies.
- Encouraging the use of alternative means of transport and car sharing, as appropriate.
- Reducing our paper usage and implementing our firm's commitment to the "less paper" principle.
- Ensuring continuous improvement by regularly reviewing our environmental objectives, targets, policies and practices.
- Assessing the environmental impact – in advance – of any new processes or products we intend to introduce.
- Purchasing products and services that do the least damage to the environment and encouraging others to do the same.

We would be pleased to share our sustainability initiatives and experience with the LGA.

Referees

Details of three references for similar work and information on the approximate date when work was completed and the approximate value of work undertaken are as follows:

Client Name: Campbelltown City Council
Address: 172 Montacute Road, Rostrevor SA 5073
Contact Name: Simon Zbierski, Manager Finance
Telephone: 8366 9289
Date of Work: External Audit – 2017/18 to 2021/22 financial years
Value of Work: \$24,000

Client Name: City of Charles Sturt
Address: 72 Woodville Road, Woodville SA 5011
Contact Name: Annette Martin, Manager Finance
Telephone: 8408 1153
Date of Work: External Audit – 2020/21 to 2025/26 financial years
Value of Work: \$28,000

Client Name: City of Port Adelaide Enfield
Address: 163 St Vincent Street, Port Adelaide SA 5015
Contact Name: Mark Gray, Manager Financial Services
Telephone: 8405 6851
Date of Work: External Audit – 2021/22 to 2025/26 financial years
Value of Work: \$33,000

Our contact details

Firm name: Galpins - Accountants, Auditors and Business Consultants

Contact persons: Tim Muhlhausler (Partner), Luke Williams (Partner)

Telephone number: 08 8332 3433

Email addresses: tim@galpins.com.au
luke@galpins.com.au

A.B.N: 89 656 702 886

Business addresses: 3 Kensington Road, Norwood SA 5067
233 Commercial Street West, Mount Gambier SA 5290
4/3-5 Mount Barker Road, Stirling SA 5152

Postal address: PO Box 4067, Norwood South SA 5067

Website: www.galpins.com.au

Insurance: Public Liability \$20 million
Professional Indemnity \$10 million

6.0 Eastern Health Authority – Audit Committee 2023 2024 Workplan

	August 2023	December 2023	May 2024	August 2024	December 2024	Notes
End of Financial Year						
Auditor Attendance	<input checked="" type="checkbox"/>					
External Audit Recommendations-Status Update		<input checked="" type="checkbox"/>				
Long Term Financial Plan						
Year end - General Purpose Financial Statements	<input checked="" type="checkbox"/>					
Performance Reports						
Annual Business Plan & Budget						
Budget Reviews		<input checked="" type="checkbox"/>				
Policy						
Debtors Policy		<input checked="" type="checkbox"/>				
Fraud and Corruption Prevention Policy						Reviewed 7/22 due 7/24
Risk and Opportunity Management Policy						
Risk Management						
Corporate Risk Summary						
Internal Controls Review						
Terms of Reference						
Audit Committee - Annual Evaluation	<input checked="" type="checkbox"/>					
Review Terms of Reference						

